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The Storebrand Group assumes no responsibility to update any of the forward looking statements contained in this document or any other forward-looking statements it may make.

Speakers



Odd Arild Grefstad 15.09.1965

CEO

Has worked for the Storebrand Group since 1994. His roles have included Group CFO, Head of sales and marketing unit, and Managing Director of Storebrand Livsforsikring AS.



Trond Finn Eriksen 09.05.1977

Head of Economic Capital Management

Has worked for the Storebrand Group since 2006. He has held various positions within Storebrand CFO area, including Head of Investor Relations. He previously worked with Financial Management Consulting with EY.



Staffan Hansèn 19.11.1965

Executive Vice President Customer Area Sweden

Has worked for the Storebrand Group since 2006, primarily as Investment Director at SPP and Executive Vice President of Storebrand Asset Management and Storebrand Bank. He previously worked at Alfred Berg and Svenska Handelsbanken.



Tørres Trovik 17.04.1964

CIO

Has worked for the Storebrand Group since 2010, in current role since 2012. He previously worked as a portfolio manager in NBIM, on strategic asset allocation at Norges Bank and advising on sovereign wealth funds and pension funds with The World Bank.



Heidi Skaaret 19.11.1961

COO

Joined the Storebrand Group in the autumn of 2012. She previously held the roles of Managing Director at Lindorff Group AB, Country Manager at Ikano Bank SE, Senior Vice President at DNB, and Financial Services Officer at Bank of America.



Lars Løddesøl 25.10.1964

CFO

Has worked for the Storebrand Group since 2001, including Managing Director at Storebrand Livsforsikring AS, Deputy Managing Director at Storebrand Bank ASA, and Group Finance Director.

Agenda

Time	Topic	Speaker
09:00-09:20	Strategy update	CEO Odd Arild Grefstad
09:20-09:35	Group commercial strategy	CCO Staffan Hansén
09:35-09:50	Transforming operations for a digital cost efficient business model	COO Heidi Skaaret
09:50-10:10	Q&A and break	Storebrand management
10:10-10:25	Solvency capital position and economic capital model	Head of Economic capital Trond Finn Eriksen
10:25-10:40	Liability driven investments	CIO Tørres Trovik
10:40-11:00	Capital management framework and financial position	CFO Lars Løddesøl
11:00-11:10	Closing remarks	CEO Odd Arild Grefstad
11:10-11:30	Q&A	Storebrand management

Group Strategy

Odd Arild Grefstad
CEO



Storebrand – an Integrated Financial Services Group



Life and pensions

- 40k corporate customers
- 1.9m individual customers
- NOK 391bn of reserves of which approx. 1/3 Unit Linked



Asset management

- NOK 567bn in AuM of which 24% external assets
- 100% of investments assessed by sustainability criteria



Insurance

- Health, P&C and group life insurance
- NOK 4.4bn in portfolio premiums



Retail bank

- Direct retail bank
- NOK 28bn of net lending



The Storebrand Investment Case

1 Entered S2 without raising capital – set to resume dividends

>150%
Solvency target¹

~5-10%
Normalised solvency generation²

2016
Planned dividend payout

2 From capital intensive to capital light

53%
Of AuM³ non guaranteed

2018
Estimated back book peak capital consumption

3 Growth in high quality earnings continues

#1
Occupational pensions⁴

12%
Growth in Savings and Insurance⁵ with high RoE

<0%
Cost development

¹ Including transitional rules.

² Solvency generation (%) on Solvency II ratio without transitional rules.

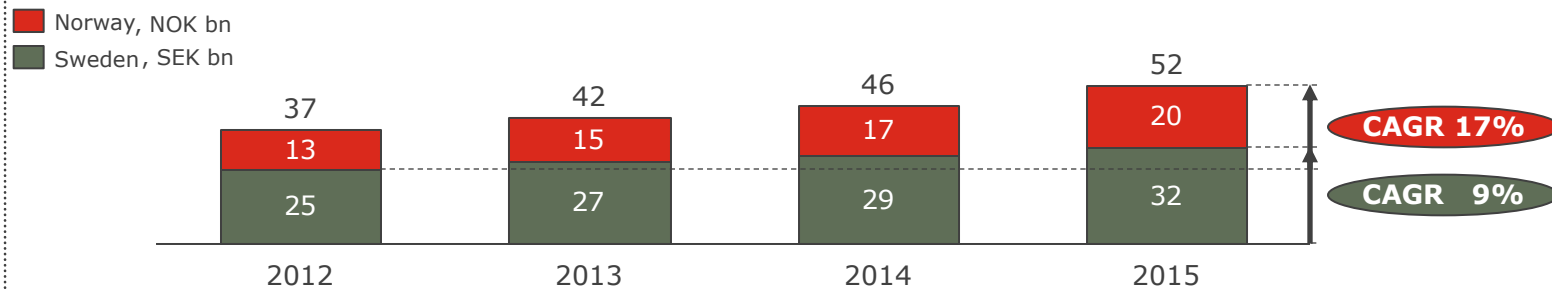
³ Total assets under management Storebrand Group.

⁴ Norway defined contribution private sector (gross premiums with and without investment choice), 4Q 2015. Source: Finance Norway.

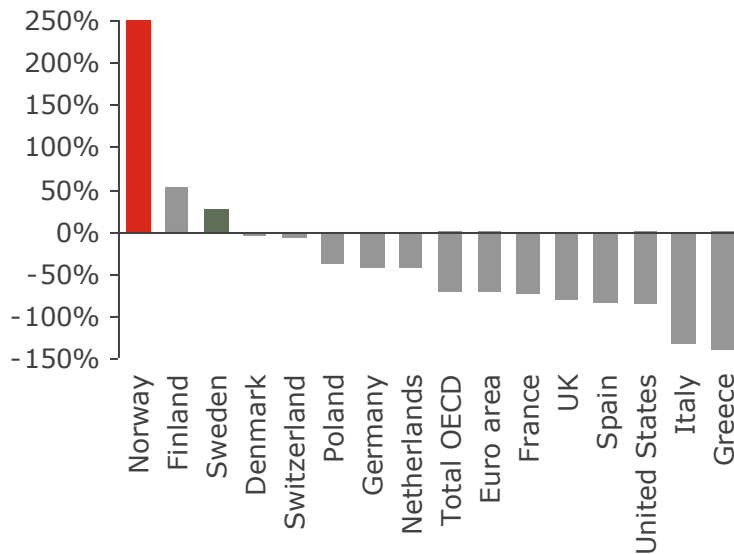
⁵ Annual growth 2012-15 in Savings fee- and administration income + Insurance premiums f.o.a.

Healthy Growth in Nordic Pension Market Supported by Solid Macro Environment

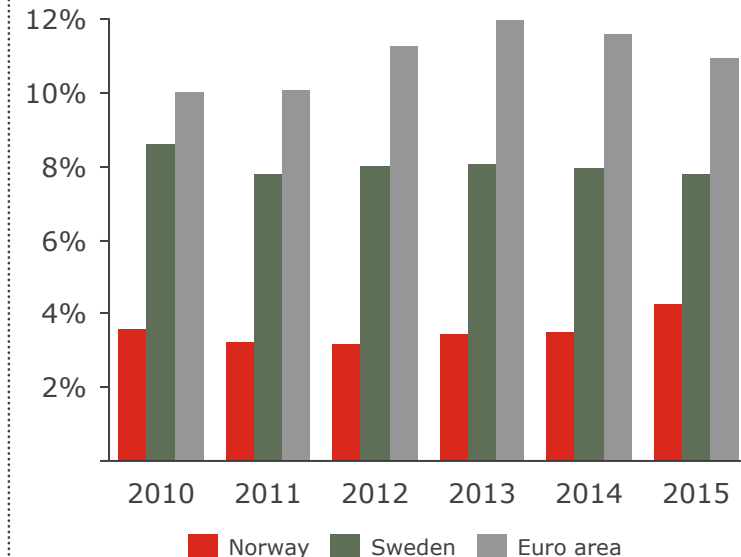
Unit Linked pension premium growth¹



Inverted government net debt ratio as % of GDP²

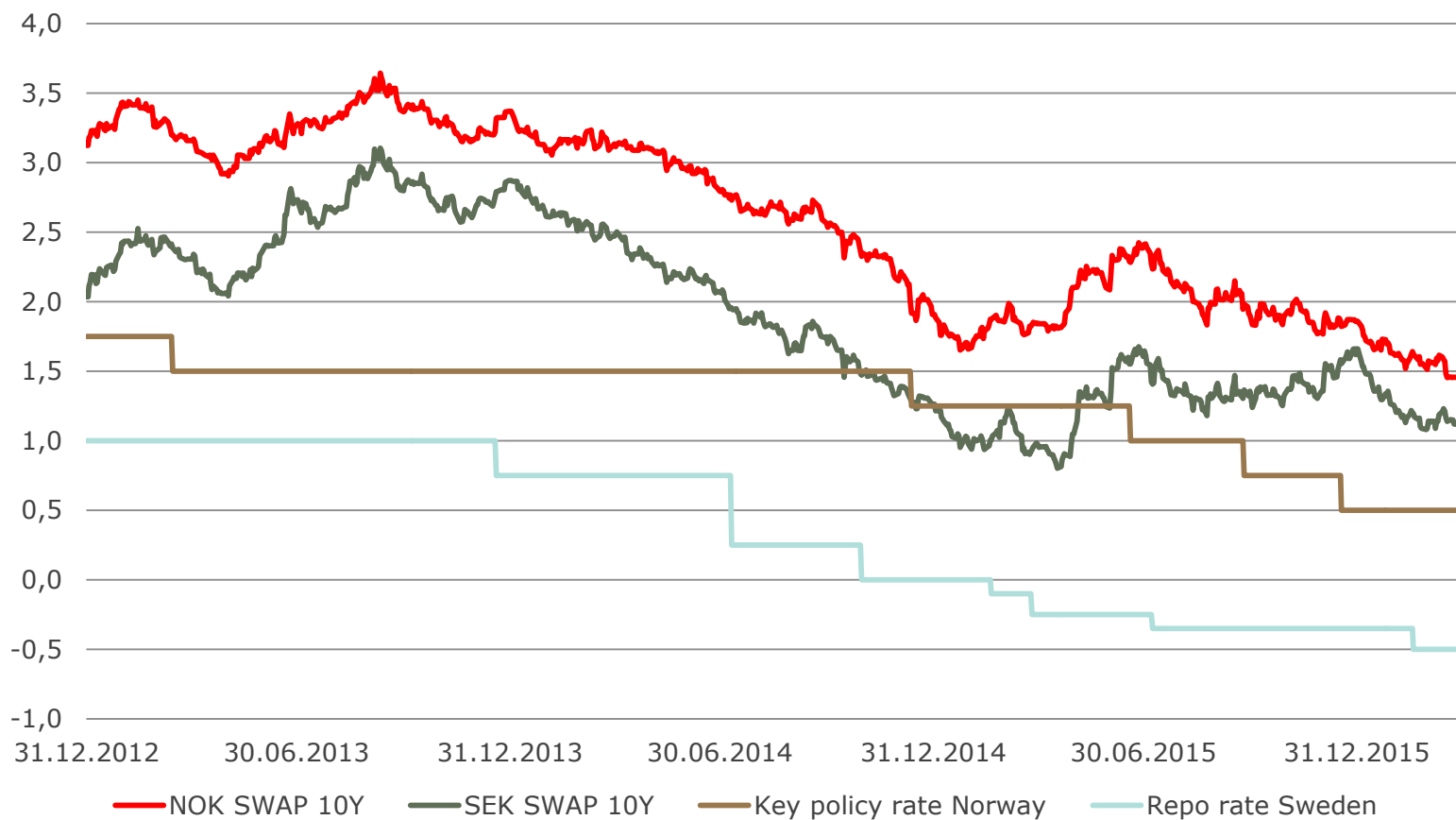


Unemployment rates²

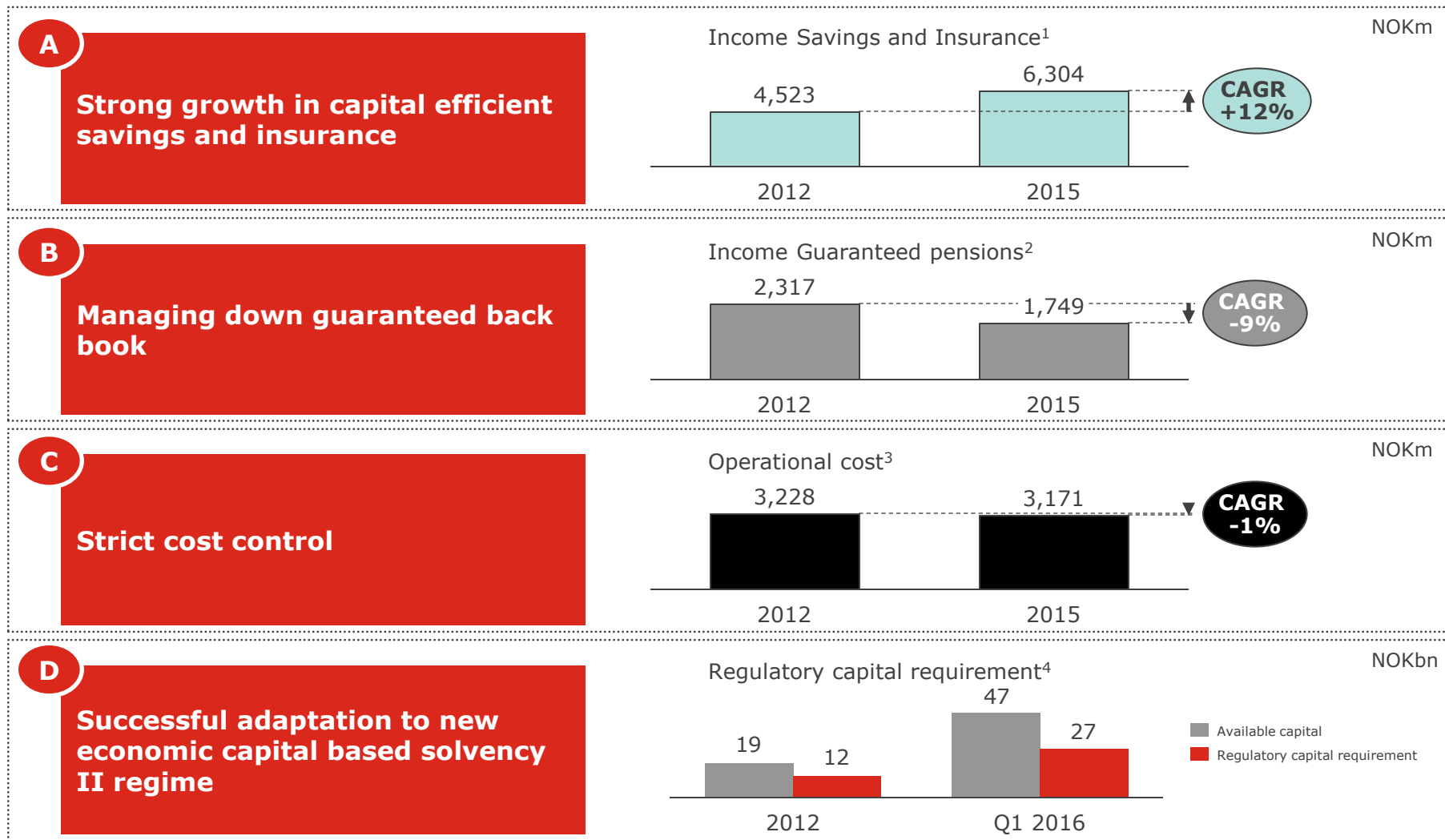


Record Low Interest Rates

Interest rates in Norway and Sweden (%)



Delivering on Business Transformation



¹ Fee- and administration income in Savings, and insurance premiums f.o.a. in Insurance.

² Fee- and administration income, risk result life & pension and net profit sharing and loan losses, adjusted for special items.

³ Operational costs, adjusted for special items.

⁴ 2012: Storebrand Life Group Solvency I capital requirement. Q1 2016: Storebrand Group Solvency II capital requirement.

Strategic Response

1 Manage the guaranteed balance sheet

- Continued transfer out of guaranteed reserves
- Further cost reductions through automation and outsourcing
- Manage for future capital release

>150% SII margin

2 Continued growth in Savings and Insurance

- Leading position in occupational pensions
- Asset gatherer with strong Insurance offering
- Continued retail growth

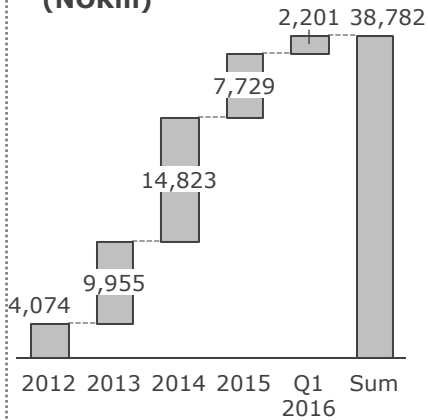
Capital-light and profitable growth

We work hard to reach our vision:

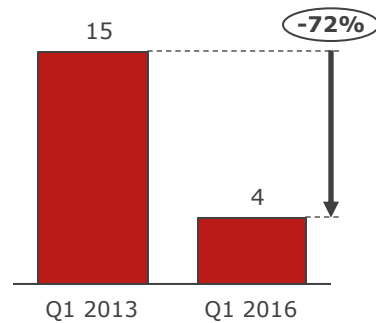
Recommended by our customers

Transition into a Solvency II based Regime has Required Discipline and Targeted Measures

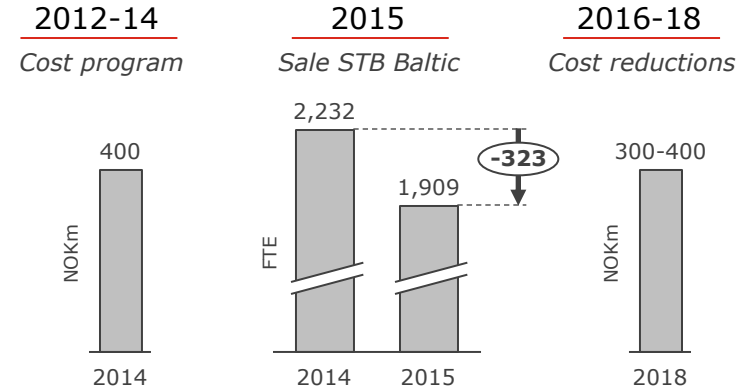
Transfer out of guaranteed products (NOKm)



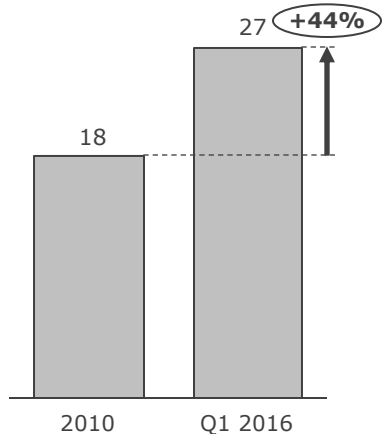
Reduction of Corporate Banking loan book (NOKbn)¹



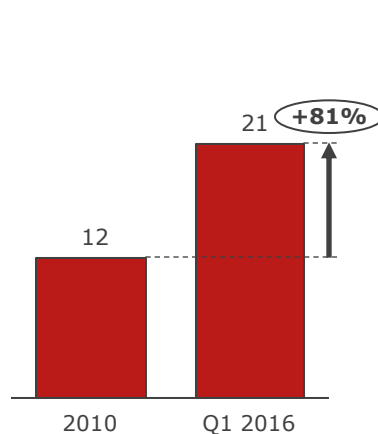
Cost reductions



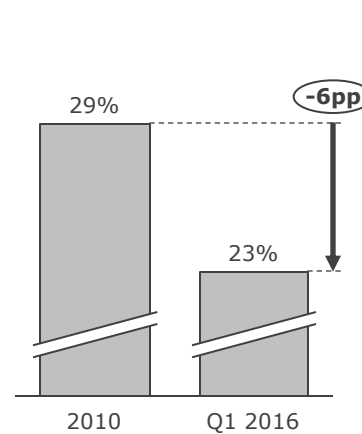
Equity (NOKbn)



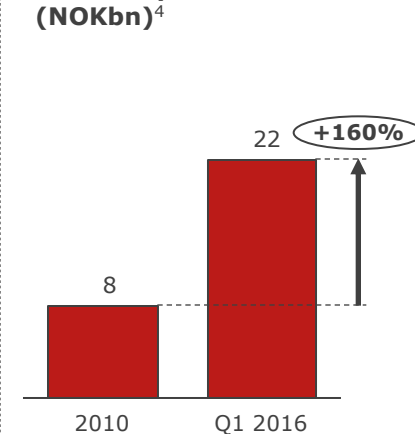
Tangible equity (NOKbn)²



Leverage ratio³



Buffer capital STB Life (NOKbn)⁴



¹ Including Bank and Life balance sheets.

² Group IFRS equity adjusted for intangible assets.

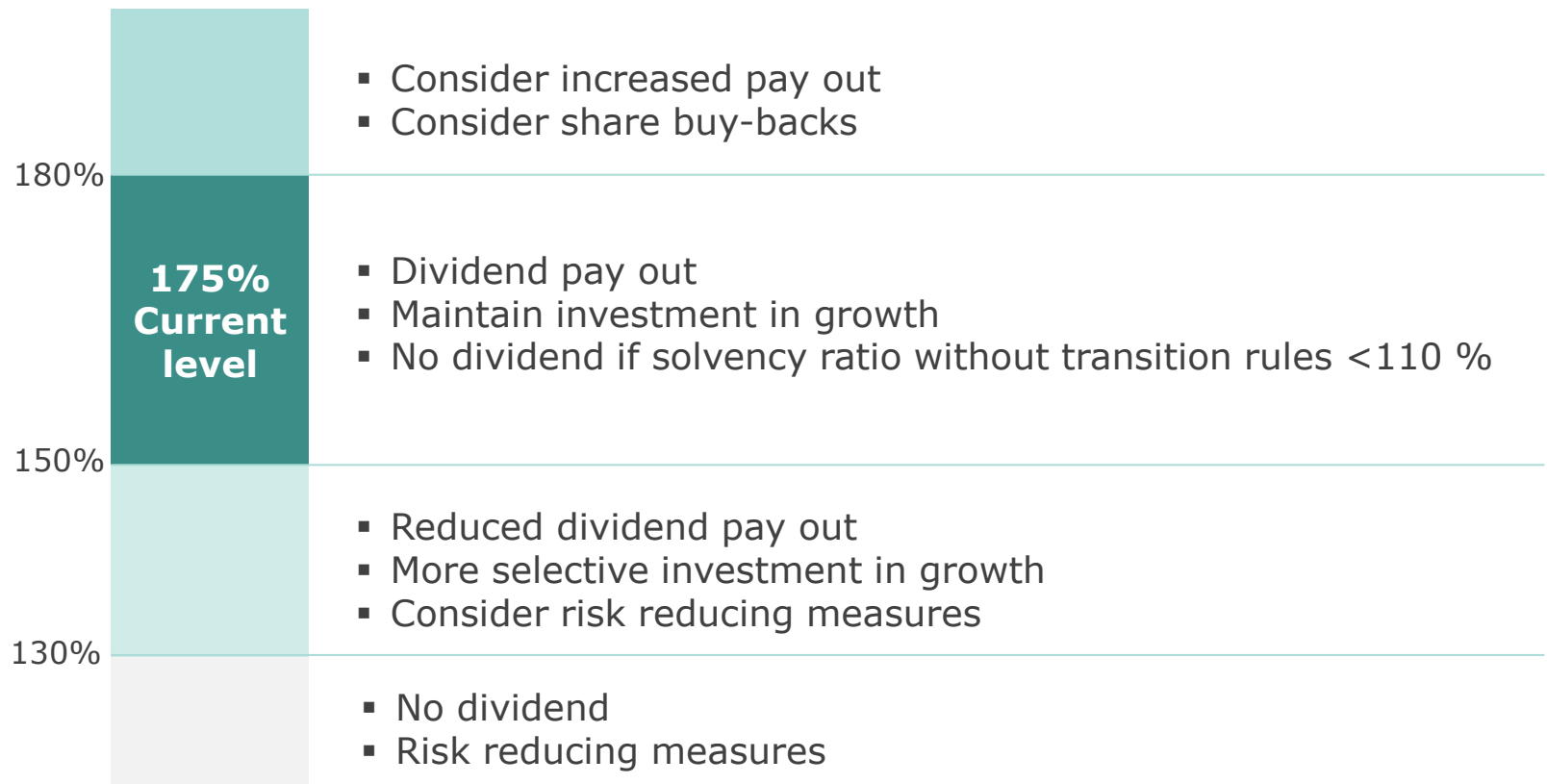
³ Leverage ratio = subordinated liabilities/(group IFRS equity + subordinated liabilities).

⁴ Market value adjustment reserve, excess value of bonds at amortised cost and additional statutory reserve.

Group Capital Management Policy

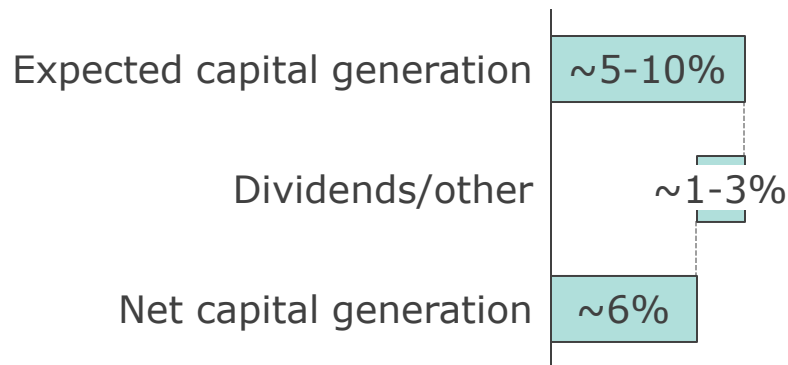
Solvency II

Incl. transitional rules



Capital Generation will Increase over Time and is Sufficient to Pay Dividends

Annual estimated solvency generation (%)¹



Storebrand will generate sufficient capital:

- (1) *To stay in the targeted solvency range of 150-180%*
- (2) *To cover dividend payment with current interest rate curve*

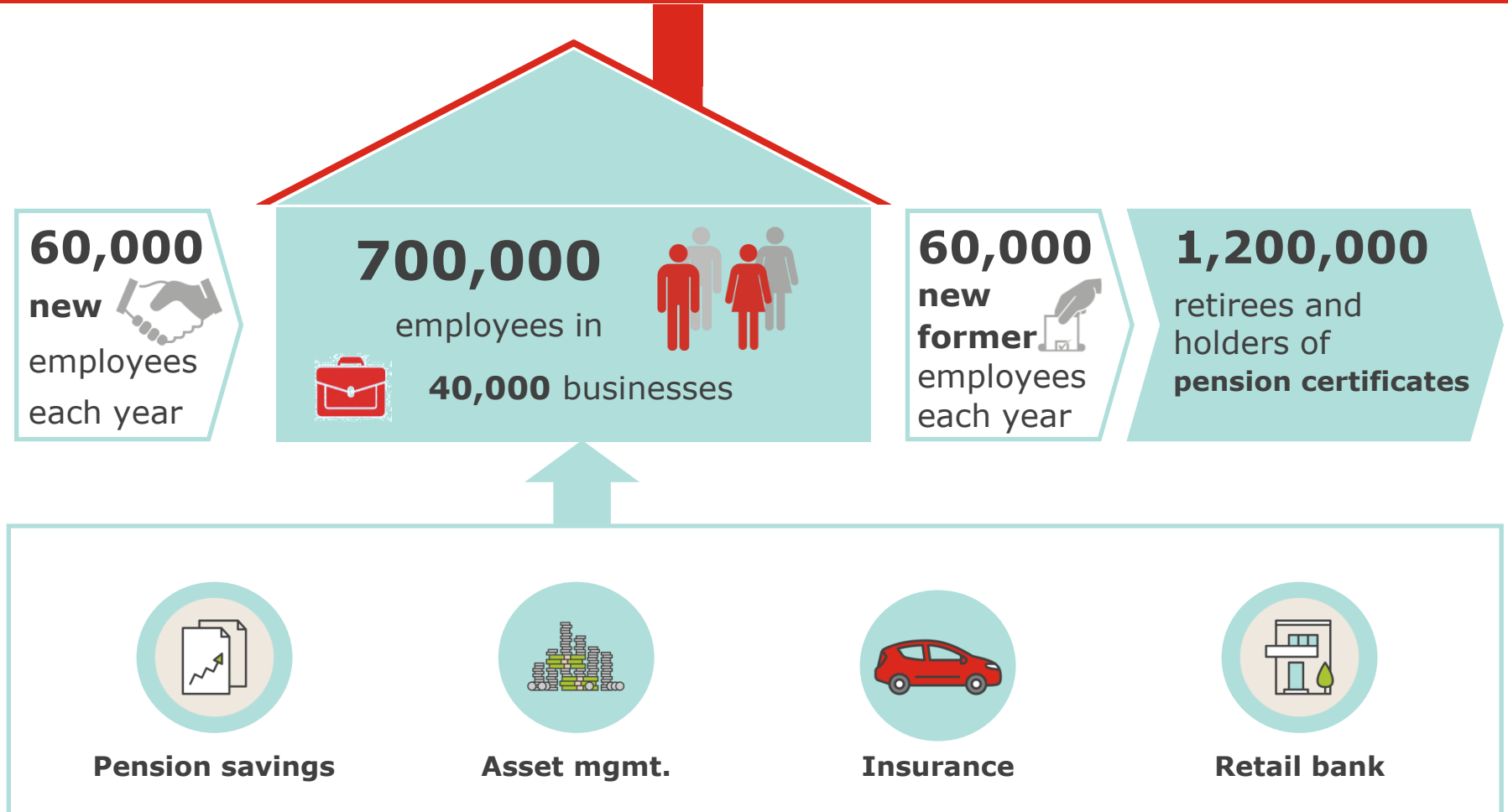
And the run off of guaranteed liabilities will increase the level of capital generation to more than 10pp

- Expected annual capital generation next 5 years will be between 5-10pp of improved solvency ratio, further management actions have the potential to further improve solvency
- We expect that unwinding of transitional capital will mostly be offset by a decrease in guaranteed liabilities and an increased value of in-force of the non-guaranteed business. The need to build more tangible capital will be limited and achieved through retained earnings after dividend payments

Revised Financial Targets

	Target	Status 1Q 2016
Return on equity ¹	> 10%	7%
Dividend ratio ¹	> 35%	n/a
Solvency II margin Storebrand Group (revised) ²	> 150%	175%

Our Business Logic is built on Relations to Corporations and Individuals through Occupational Pension Schemes



Front Book has Strong Customer and Capital Synergies

Capital synergies

Solvency II capital generative

Builds >2pp of solvency ratio per year

Diversification gives lower capital consumption and earnings build solvency capital

Capital efficient mortgages on life balance sheet. NOK 1.4bn already transferred



Pension savings



Asset mgmt.



Insurance



Retail bank

Number of products increase loyalty, satisfaction and profitability

Customer synergies

Large customer base of corporates and individuals

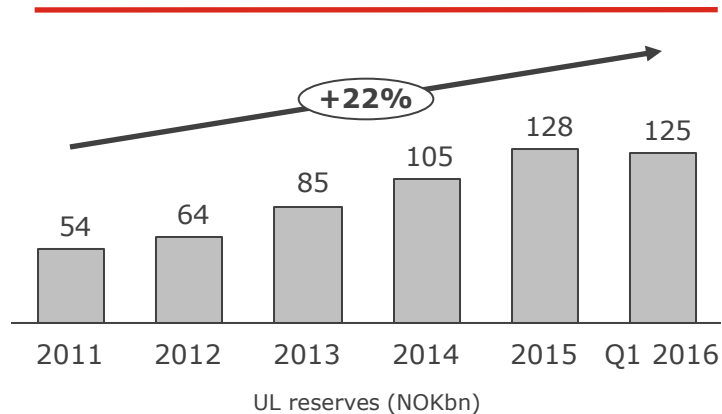
Gathers pension assets and sells additional savings to corporates and individuals

Strong brand name and sophisticated tools to cross sell to pension customers

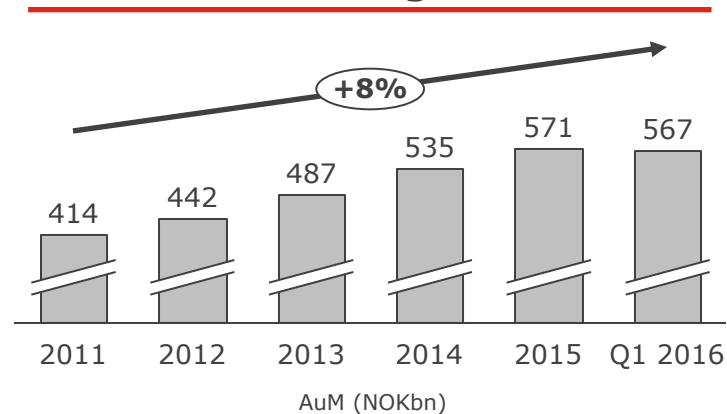
Strong value proposition to customers with funding advantage

Growth in Savings and Insurance

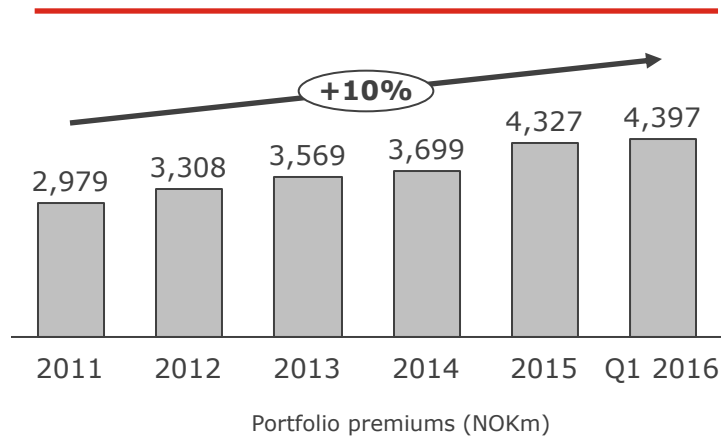
Unit Linked



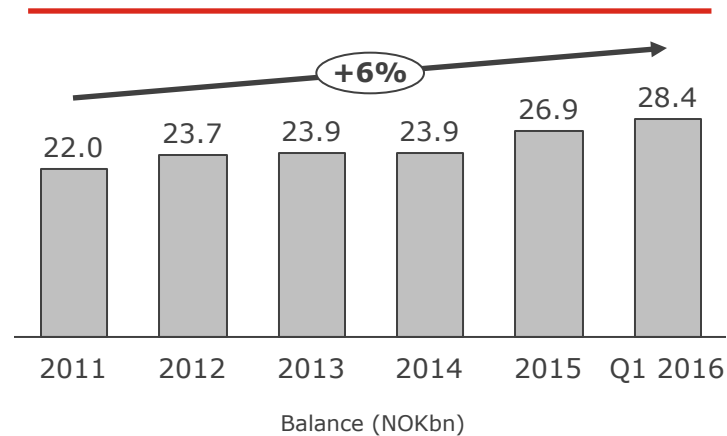
Asset management



Insurance



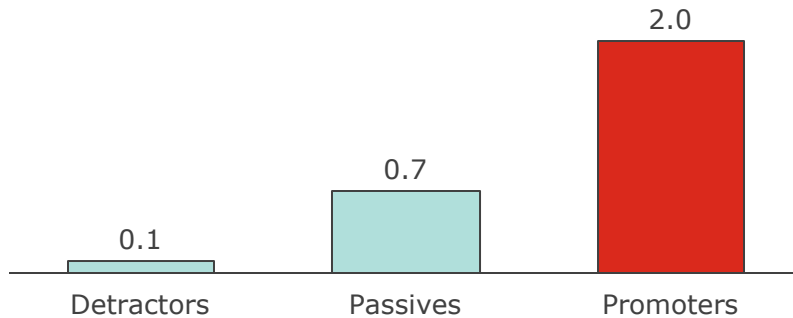
Retail bank



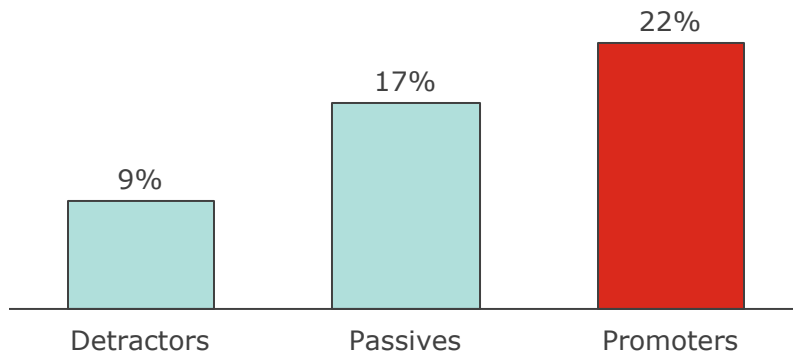
Customer Satisfaction Builds Shareholder Value

Customer satisfaction gives clear effects

How many recommendations the customers have made, on average, in the past year:¹



Percentage of customers who have increased the number of Storebrand products in the past year:¹



And Storebrand has a strong track record



Best customer satisfaction for Norwegian corporates >20 employees 2004-2015



Best customer service in Sweden 2012-13 and 2015

The Global

100

Corporate Knights

#1 sustainable insurer 2015, presented at WEF, Davos

Continued Growth in Savings and Insurance

- 1 Maintain market leader role in growing occupational pensions market
- 2 Convert employees to loyal and profitable retail customers
- 3 Accelerate retail growth through strong product offering, innovation and digitization

Continue growth in savings and insurance



Group Commercial Strategy

Staffan Hansèn
CCO





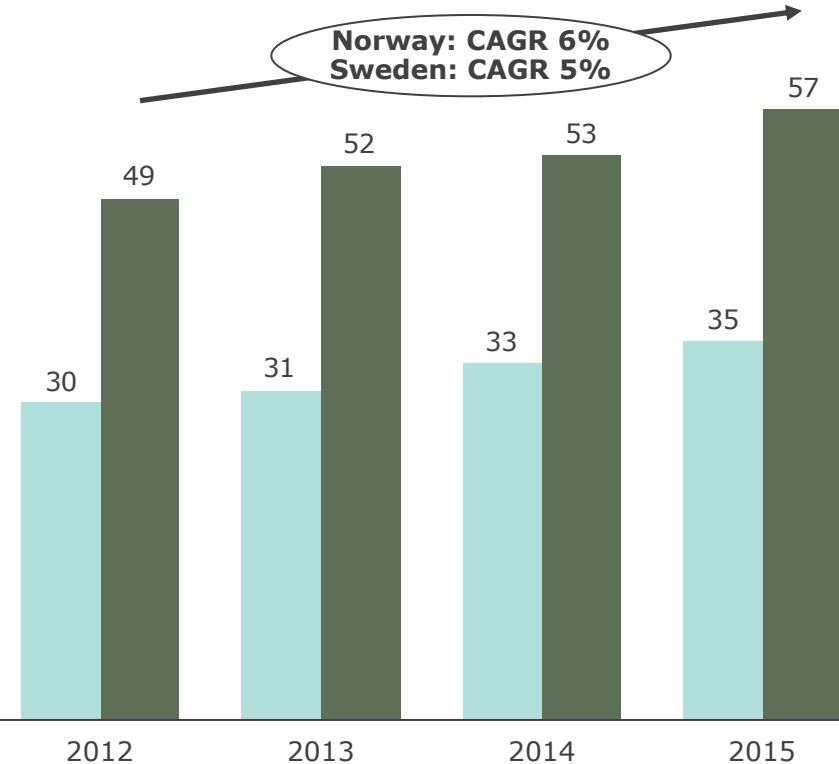
Key Takeaways

- **On a transition from capital consuming guarantees to capital-light asset gatherer**
- **Unit linked assets expected to grow with ~15% annually next three years**
- **Growth in Savings and Insurance to increase top line despite reduction in income from back book**
- **Ambition to at least keep costs nominally flat**

Attractive and Growing Occupational Pensions Market

Pension premium income total market¹

■ Norway, NOK bn
■ Sweden, SEK bn



Pension premium income per product¹

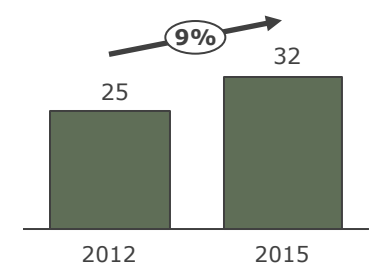
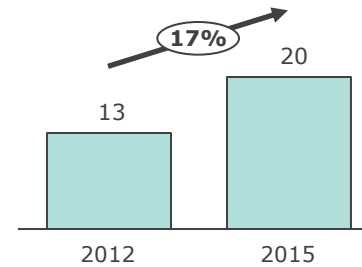
CAGR

Norway (NOKbn)

Sweden (SEKbn)

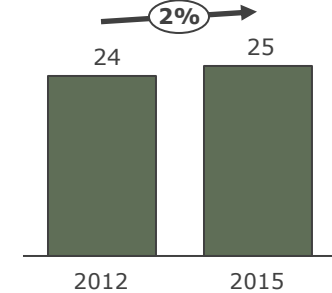
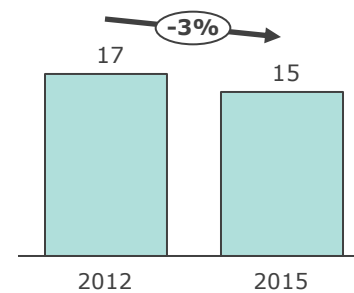
Unit Linked

Unit Linked and Depot



Guaranteed

Guaranteed

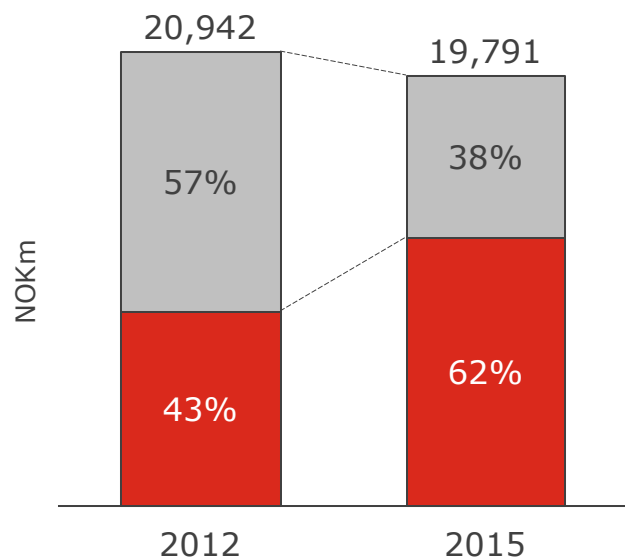


¹ Norway: Guaranteed and Unit Linked written pension premiums, segment 'private occupational pensions'. Source: Finance Norway (table 2b). Sweden: Guaranteed, Unit Linked and Depot written pension premiums, segment 'Other occupational pensions.' Source: Insurance Sweden.

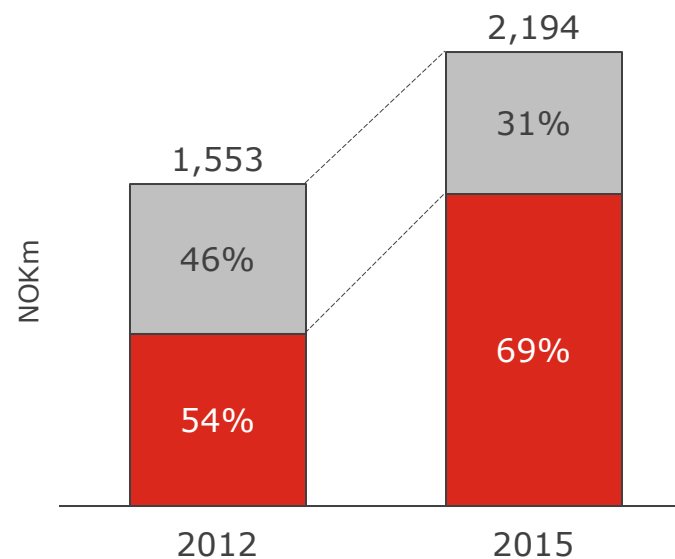
Main Commercial Challenge

Substitute capital consumptive guaranteed income with capital efficient growth from Savings and Insurance

Pension premiums Storebrand¹



Results Storebrand²



■ Guaranteed ■ Non-guaranteed

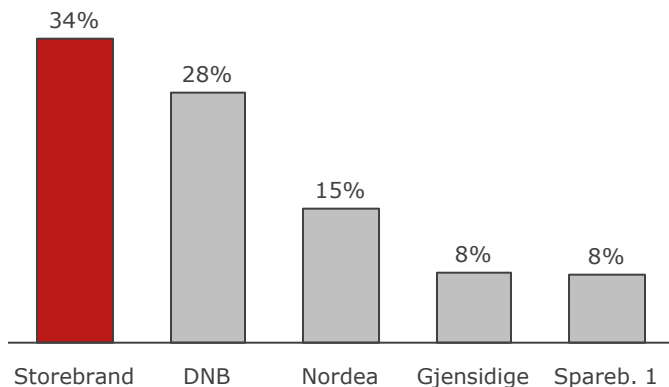
¹ Pension premiums in Guaranteed products and Unit Linked products, Storebrand Group.

² Results before profit sharing and loan losses. Guaranteed includes Other segment. 'Non-guaranteed' consists of the segments Savings and Insurance.

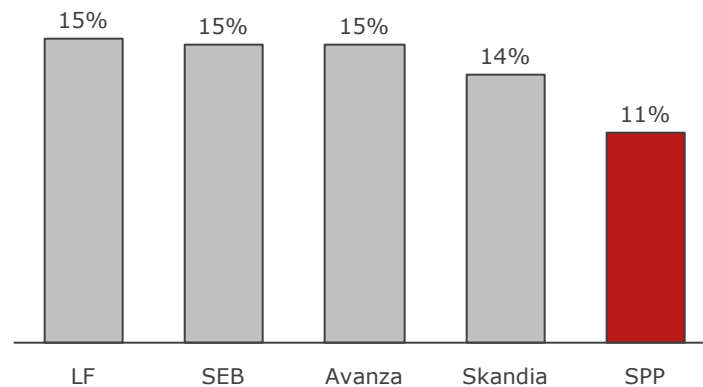
Defined Contribution

- Leading Position in Norway and Strong Contender in Sweden

Norway – market leader defined contribution (private sector)¹



Sweden – growing in defined contribution (private sector)²



Storebrand with clear value proposition in the corporate market

...We want to be recommended by our customers



Best customer satisfaction for Norwegian corporates >20 employees 2004-2015



Best customer service in Sweden 2012-13 and 2015

...Unique Nordic pension competence



Norwegian fund selector of the year five times in 2010-15



Swedish Unit Linked provider of the year five times in 2008-14

...Leading sustainability offering



7 analysts, 90 indicators, 2,500 companies

All assets screened and given a sustainability score

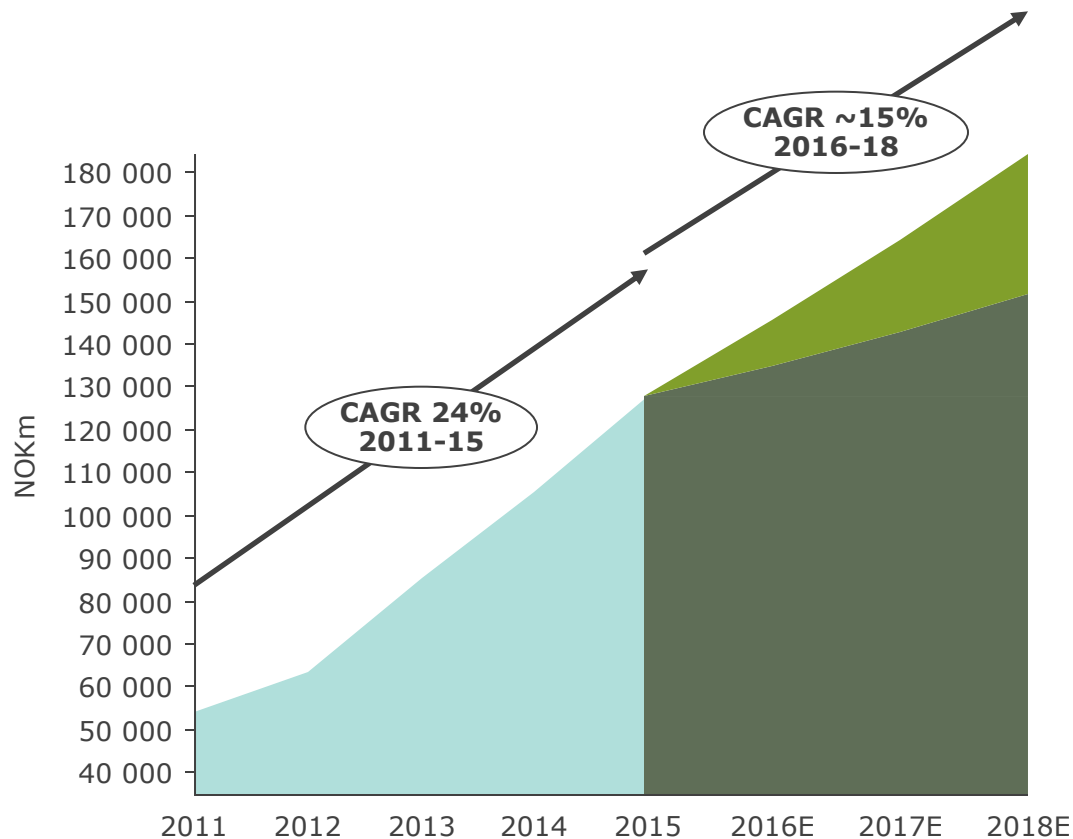


¹ Finance Norway. Gross premiums defined contribution with and without investment choice. 4Q 2015

² Insurance Sweden. Segment Unit Linked pensions 'Other occupational pensions' (written premiums) 4Q 2015

Continued Growth in Unit Linked Reserves Driven by Premiums and Expected Market Return

Development Unit Linked reserves¹



Drivers net premiums

- Majority of premiums come from existing Unit Linked business
- Underlying growth through salary inflation and increased savings rates
- Conversion from guaranteed pension and new sales further boost growth

Net premiums Expected market return² Historical development

¹ Unit Linked Norway and Sweden.

² Assumed market return defined by Finance Norway industry standard.

Capital Efficient Guarantees and Insurance Adds to the Corporate Offering

Increased demand for capital efficient guarantees



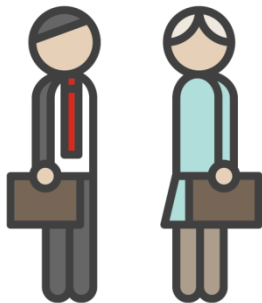
Norway - Hybrid pensions

- Capital light
- Nominal guarantees
- Future potential in public sector

Sweden – Capital efficient guarantees

- 85% of premium w/ 1.25% guarantee¹
- Strong returns
- Expected growth product

Corporate insurance complements occupational pensions offering



Health & Group life

Portfolio premiums:² 1,493 MNOK

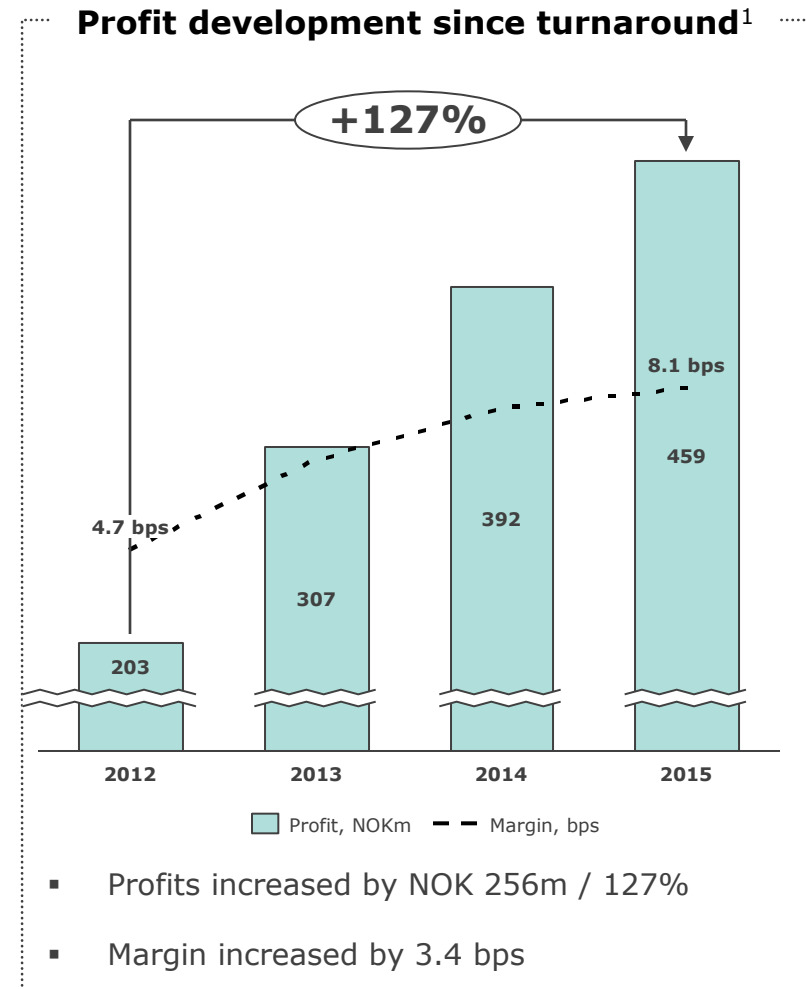
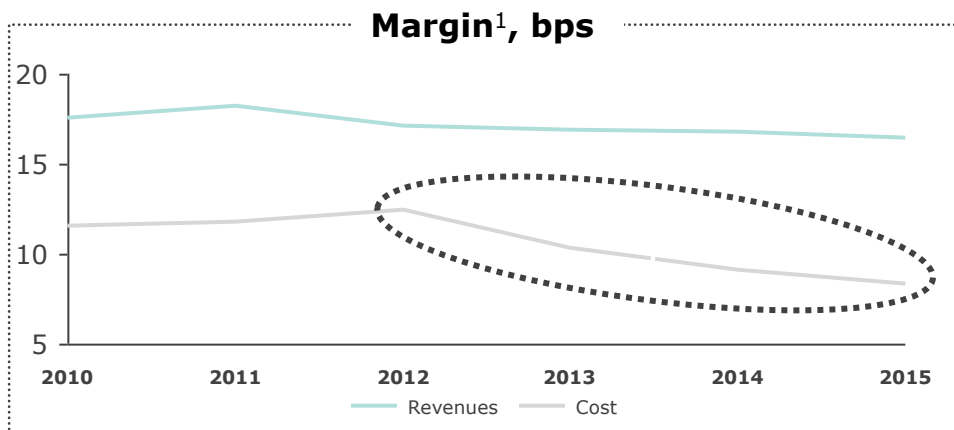
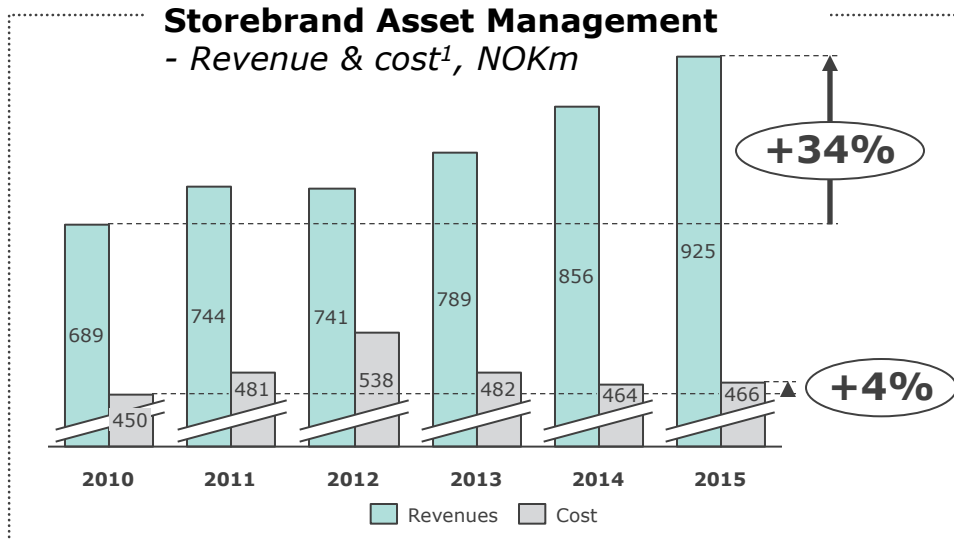
- 23% market share in fast growing health insurance market
- 26% market share in group life and workers compensation
- Good profitability

Pension rel. disability insurance

Portfolio premiums:² 1,159 MNOK

- 34% market share in Norway
- 9% market share in Sweden
- Challenging profitability

Asset Management has Undergone a Turnaround and is Positioned for Further Growth

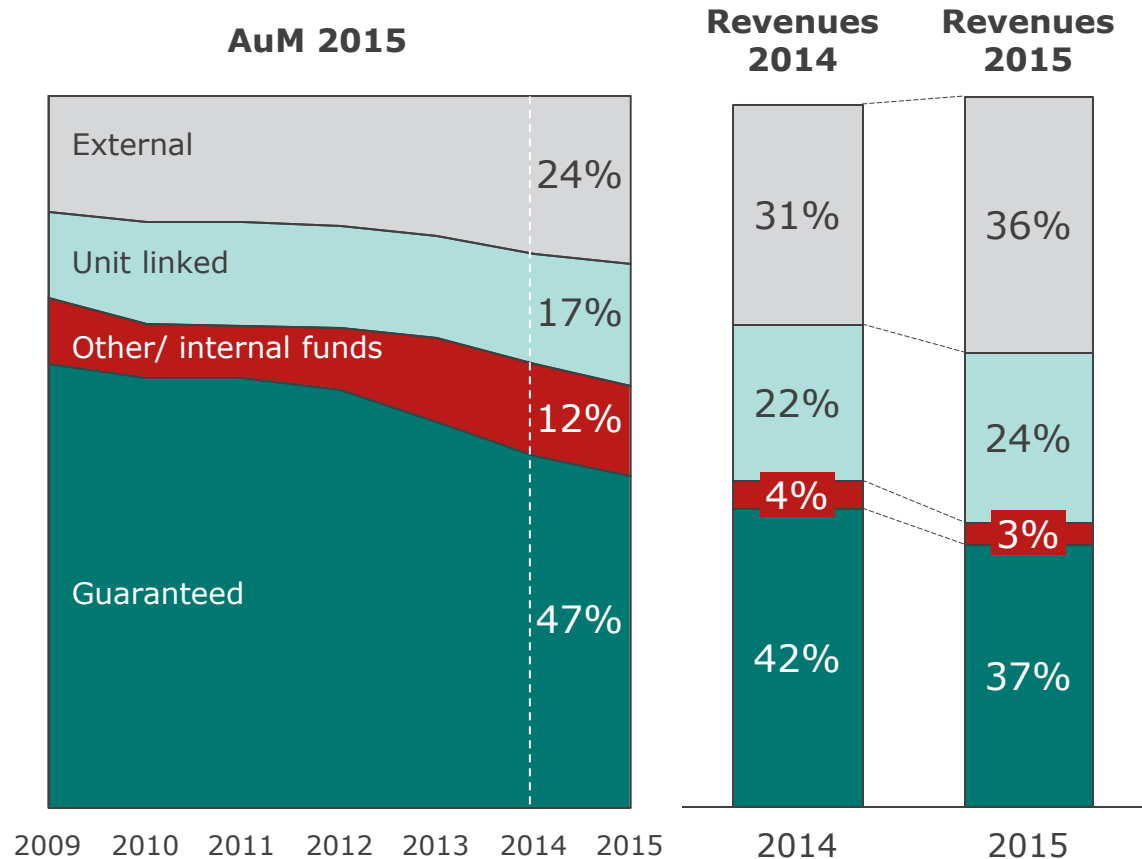


¹ Revenues: Excluding performance fees. Cost: Adjusted for one-off costs, excluding amortisation & FM bonus.

Moving Towards a Simpler Business Model with Long Term Asset Management as a Hub in the Group

Storebrand Asset Management

- AuM & Revenue mix



Comments

- 16% growth in external revenues since last CMD
- Share of external revenues increased from 31% to 36% since last CMD
- External AuM increased from 21% to 24%
- Guaranteed AuM declined from 51% to 47%
- AuM in Unit linked increased from 15% to 17%

Efficient and Diversified Retail Distribution

P&C and individual life



- NOK 1.7bn portfolio premiums¹
- 81% Combined Ratio²

Long term savings



- NOK 18bn retail assets¹
- Storebrand, SPP and Delphi brands

Bank



- NOK 28bn retail lending¹
- Strong growth

Distributed via cost efficient internal distribution...



Call center

Web



Call center

Web



Call center

Web

...and cost efficient external distribution



External platforms

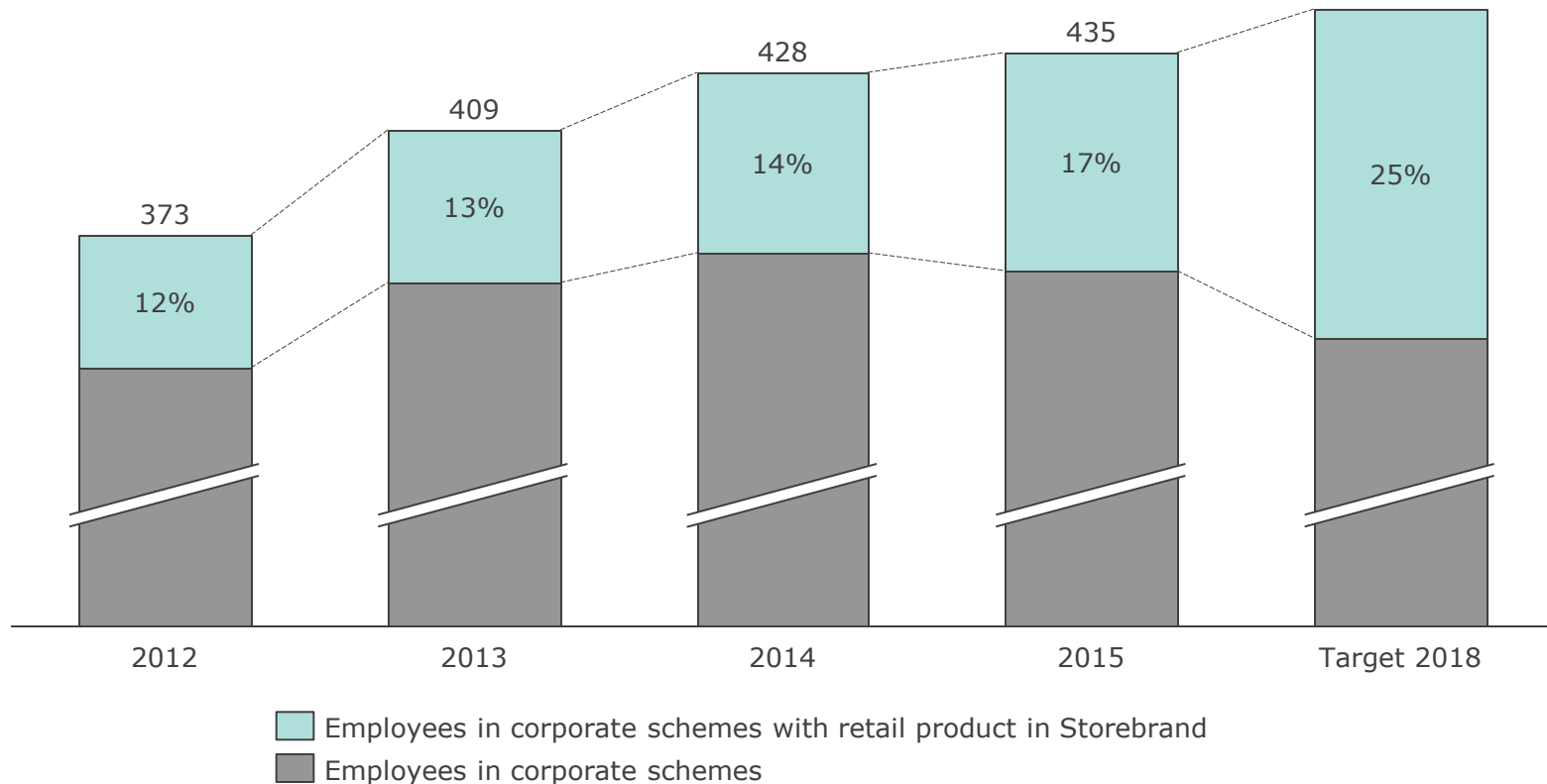


A Growing Share of Employees Becoming Profitable and Loyal Retail Customers

Employees in corporate pension schemes becoming retail customers

In thousands

Target of 25% within 2018



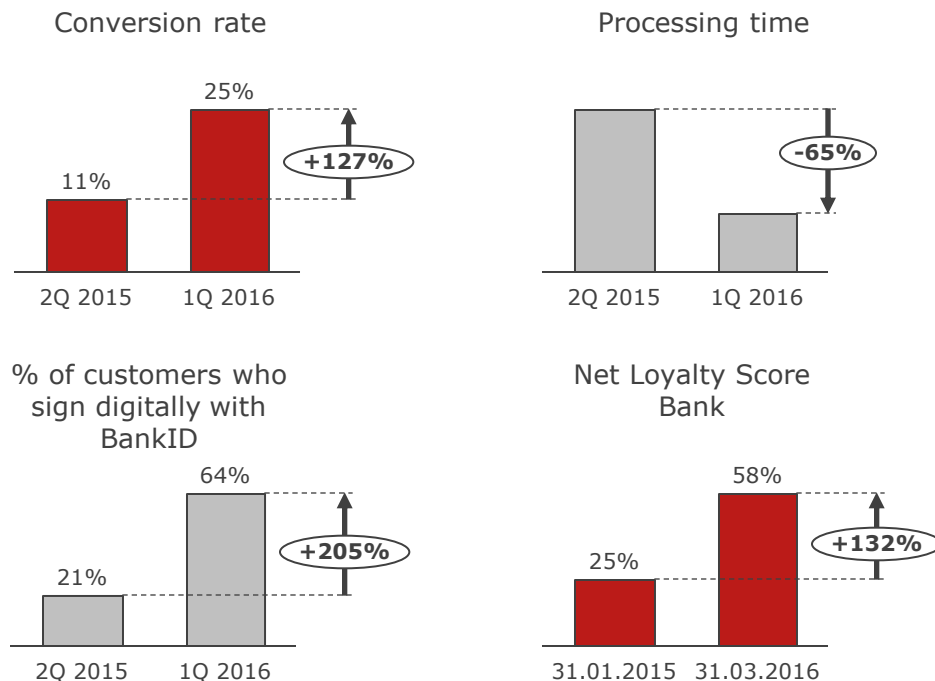
Growing Retail Sales through Customer Centric Innovation

1) Streamlining our Processes

Case: Retail bank – redesigning the loan process

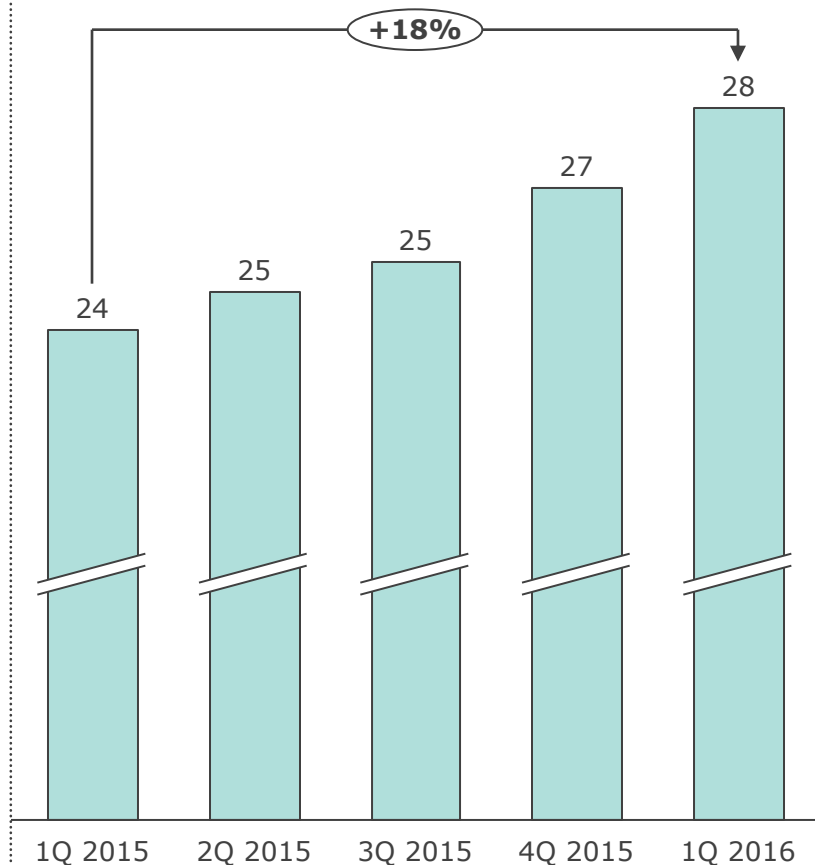
Automating and simplifying the loan process to improve customer experience and drive growth

Some key results:



Retail loan book development

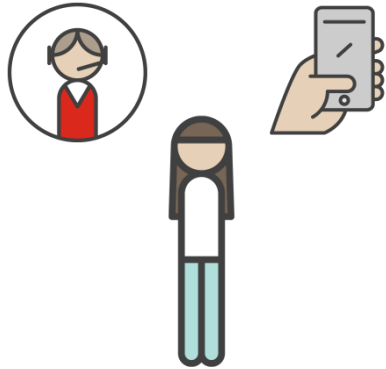
NOKbn



Growing Retail Sales through Customer Centric Innovation

2) Solutions that Engage Customers to Take Action

Personalized advice on each customer's 'next best activity'



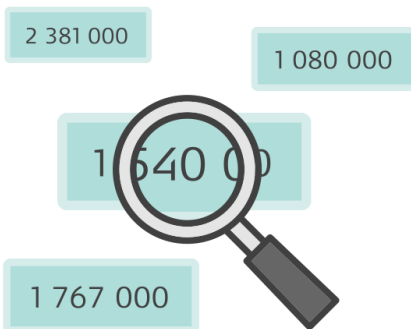
Next Best Activity:

- Customer-centric and personalized recommendations
- Predictive and quantitative models based on customer behaviours
- Across all customer channels

Results from pilot:

- ✓ Sales success rate **15%**
- ✓ Net Loyalty Score increase **11%**

Customer-friendly online tools for personal financial planning



My Pension Plan

- Pension forecast compared with desired level
- Buy extra savings directly in solution
- To be complemented with My Insurance Plan in 2H 2016

Results

- ✓ **>200,000** customers
- ✓ Drives **~50%** of personal pension savings sales¹

Growth Ambitions 2018

Unit Linked

- Maintain #1 market position in occupational pensions Norway
- Build #1 position in occupational pensions Sweden¹

Insurance

- Maintain long term ~10% annual top line growth²
- Combined ratio 90-92%

Asset management

- Keep #1 position in Norway and strengthen position in Sweden resulting in ~NOK 150m in net revenue growth
- Profit growth of ~NOK 100m

Retail bank

- Double retail loan book
- RoE >10%³

¹ Within segment 'Other occupational pensions'.

² Lower growth expected in 2016 due to change in distribution.

³ RoE Retail banking only.

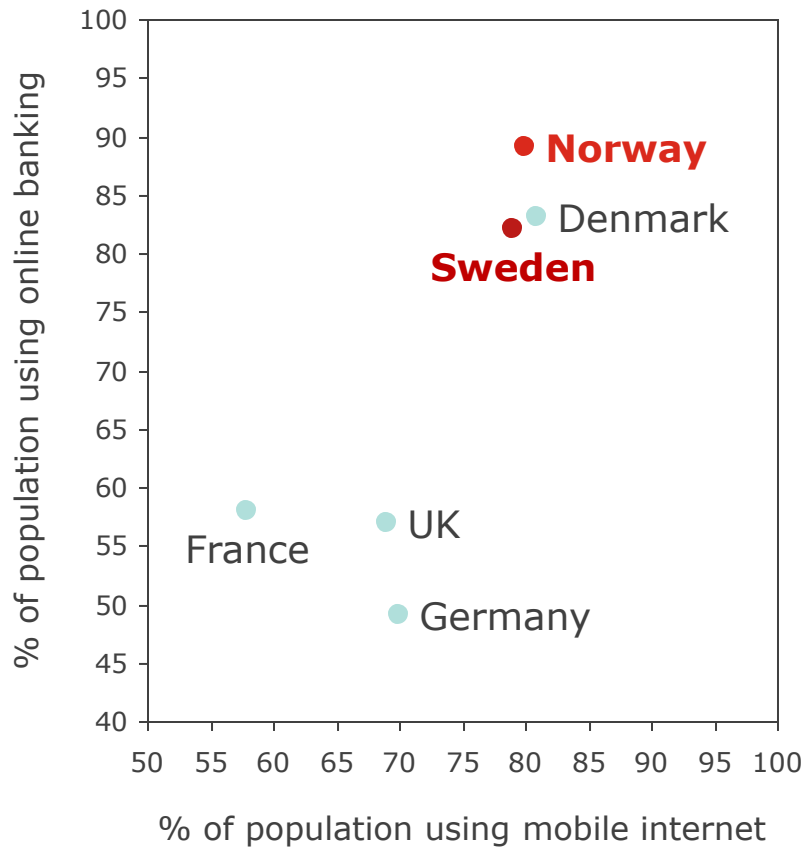
Transforming Operations for a Digital Business Model and Reduced Costs

Heidi Skaaret
COO

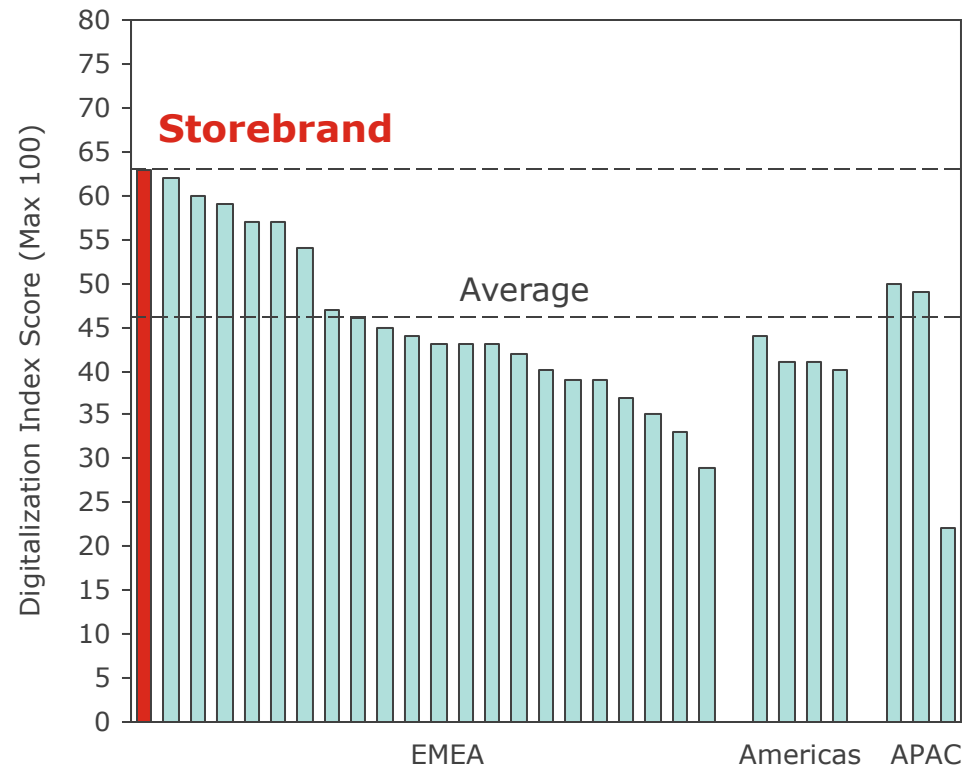


Nordic Customers are Digitally Mature and Storebrand is a Front Runner in the Global Life & Pension Industry

Digital Maturity¹



Life Insurer Digitalization Scorecard²



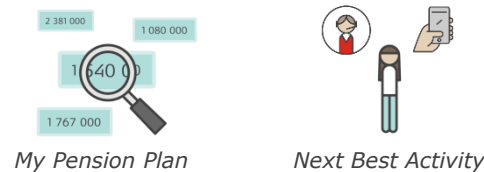
¹ X-axis: OECD Science, Technology and Industry Scoreboard 2014. Y-axis: European Banking Federation 2014.

² Bain Digital Insurer of the Future Benchmarking 2015.

Storebrand Digital Business Model – Key to Future Growth Strategy

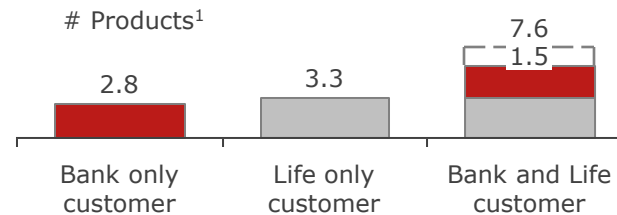
1 Digital solutions to accelerate growth

Customer-centric innovation that adds value and drive sales



2 Increasing customer satisfaction and loyalty – retention and cross sales

Unlock synergies in broad product offering



3

Increasing cost efficiency – lower distribution and servicing costs

Flexible digital infrastructure to service internal and external distribution



Strategic Partnership to Leverage Innovation and Cost Reductions

Enhanced customer experience

Process improvements and automation (Robotics)



Improved cost efficiency

Increased offshoring and global delivery model



Digital transformation

Partnership to drive innovation, digitalization and speed to market



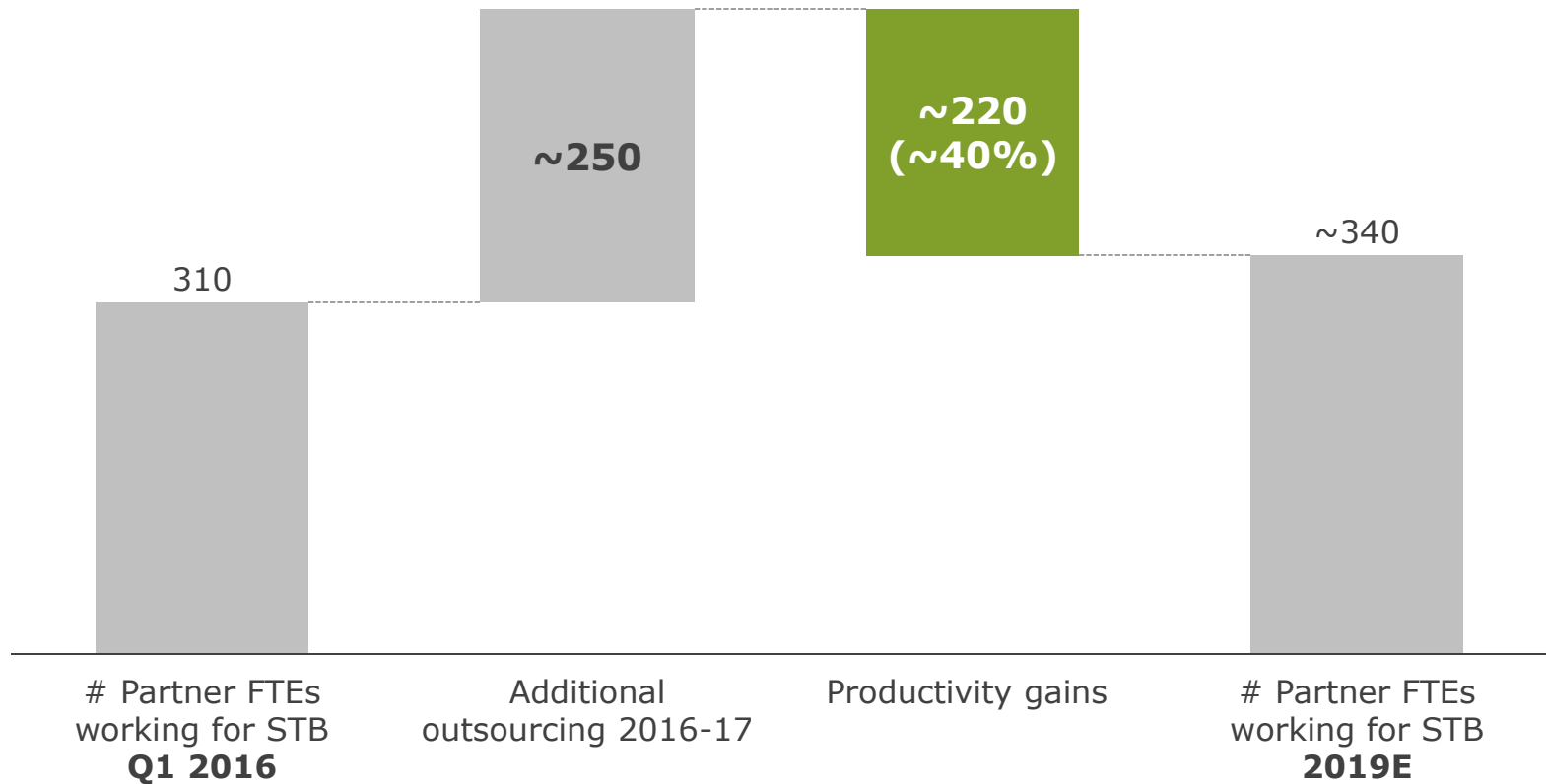
Future-ready technology platform

Business Process as a Service, managed services and digital solutions



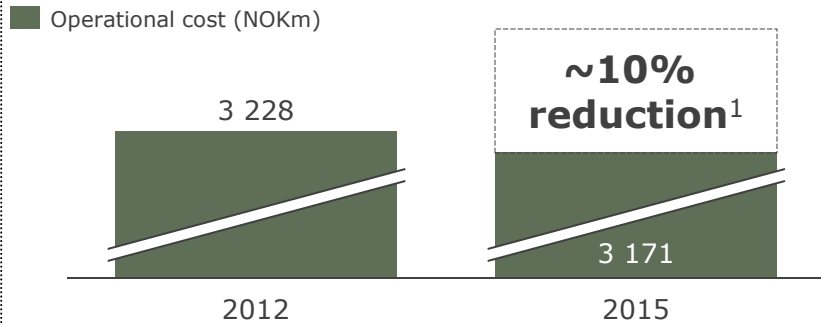
Committed Plan to Achieve Cost Reductions and Efficiency Gains in Partnership

Partner FTEs working for Storebrand



Cost Initiatives Successfully Completed

Cost reduction completed 2012 – 2016...



Cost programme
2012 - 2014

- ✓ 2014 target reached (>NOK 400m)

Baltic offshoring
2012 - 2016

- ✓ From 150 to 370 Baltic empl.
- ✓ Cognizant partnership

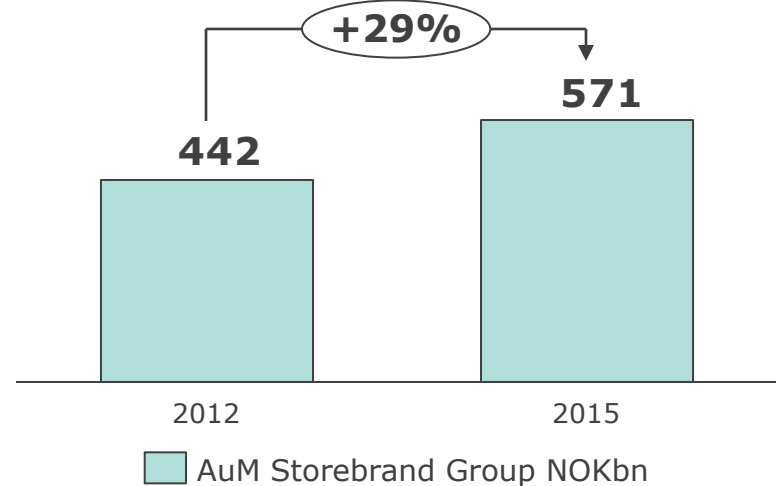
Market & sales
restructuring 2015

- ✓ Reduction of 70 FTEs (NO and SE)

Key other
initiatives

- ✓ Closed agent channel
- ✓ New bank platform
- ✓ New IT infrastructure

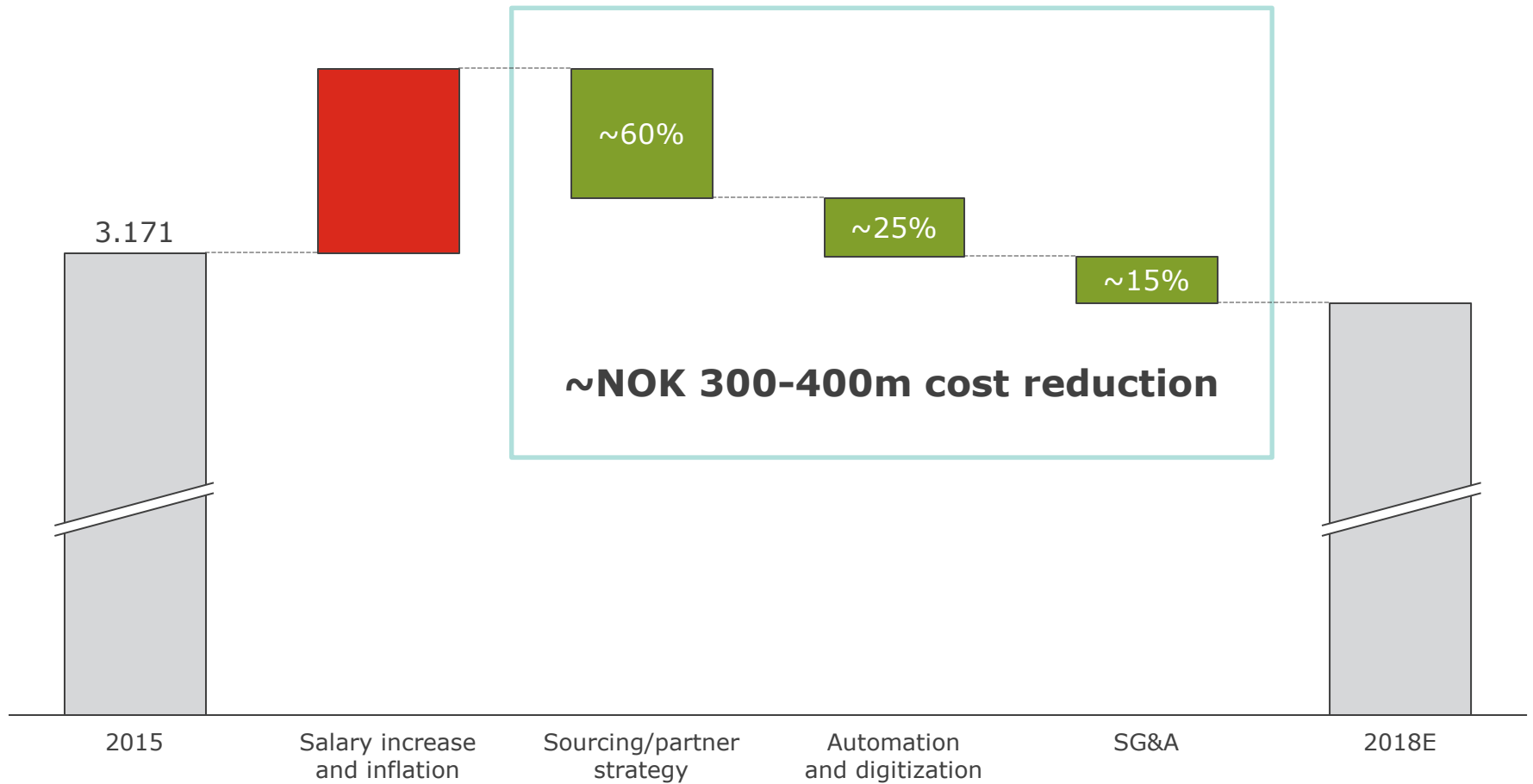
...in a period with strong business growth



Takeaways

- Several cost actions completed and good cost control with growing business volumes
- 2015 cost/income of 59,6% - target reached

Further Cost Reductions to be Realized by 2018





Key Takeaways

- **On a transition from capital consuming guarantees to capital-light asset gatherer**
- **Unit linked assets expected to grow with ~15% annually next three years**
- **Growth in Savings and Insurance to increase top line despite reduction in income from back book**
- **Ambition to at least keep costs nominally flat**

Solvency II and economic capital modelling in Storebrand

Trond Finn Eriksen
Head of Economic Capital Management

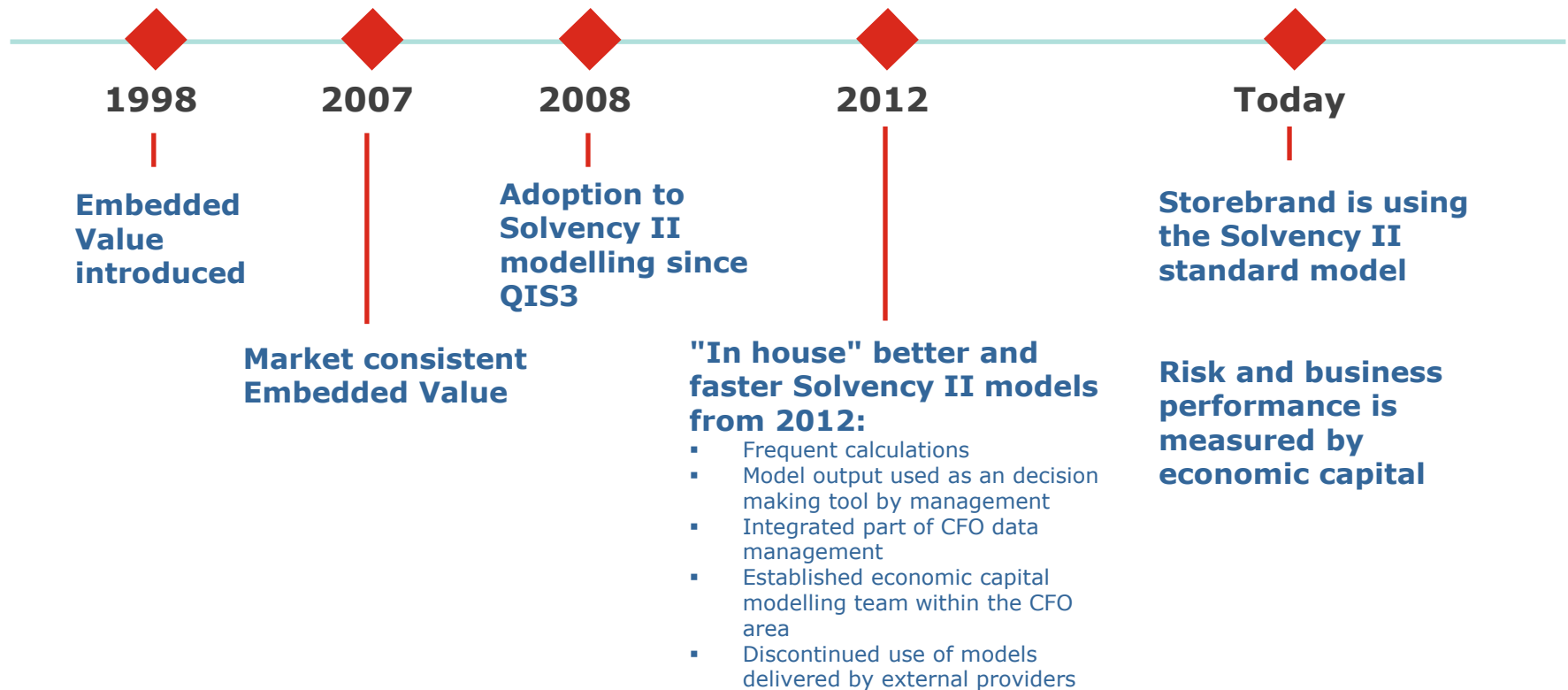




Key Takeaways

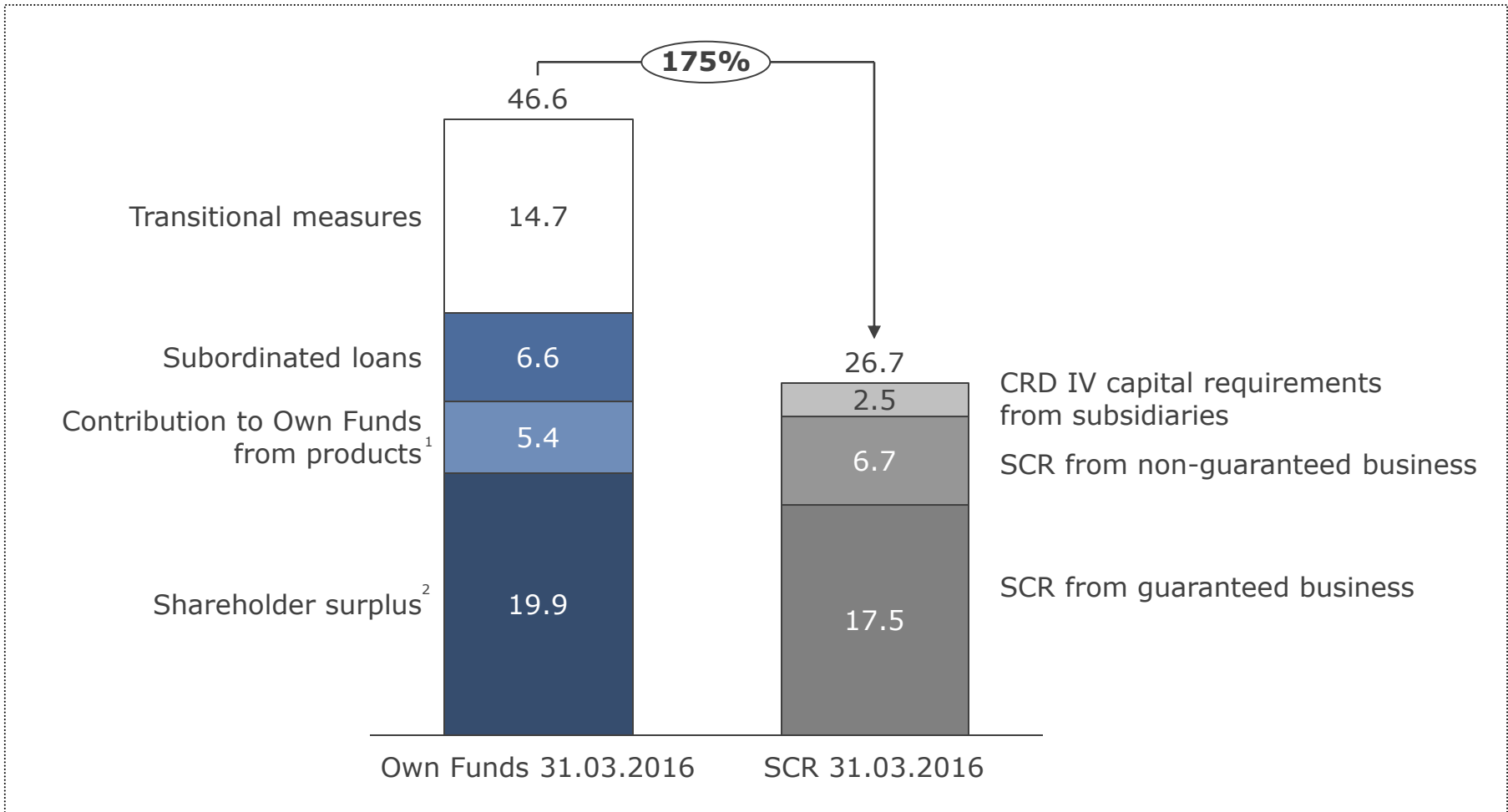
- **Solid Solvency II position with low volatility**
- **Solvency II requirements on back book is close to peak**
- **New business written gives positive VNB and contributes with Solvency capital**
- **Robust and transparent Solvency II calculations**

Long History of Economic Capital Modelling in Storebrand



Economic models continuously evaluated by external partners

Solvency II Ratio Storebrand Group March 31, 2016



¹ Contribution to Own Funds from products = NPV of future profit – Risk margin.
² Shareholder surplus at market value.

Key Assumptions in Storebrand's Solvency II Standard Calculation

Contract boundaries

- Short contract boundaries: No future premiums are accounted for except for some not material products

Ultimate forward rate & Volatility Adj.

- Storebrand is using the Smith-Wilson extrapolation method to reach a UFR of 4.2%
- Storebrand is using VA as given by EIOPA. As of Q1 2016 VA for NOK was 16bp and 4bp for SEK

Transitional rules

- Storebrand is using transitional rules for the value of the liabilities. Transitional rules equals Solvency II liabilities less Solvency I liabilities. The effect is reduced over 16 years, more during the first years
- Storebrand is using transitional measures on equities. Equities are stressed at 22% instead of 39%. The effects are expected to run out during 2017

Operational assumptions

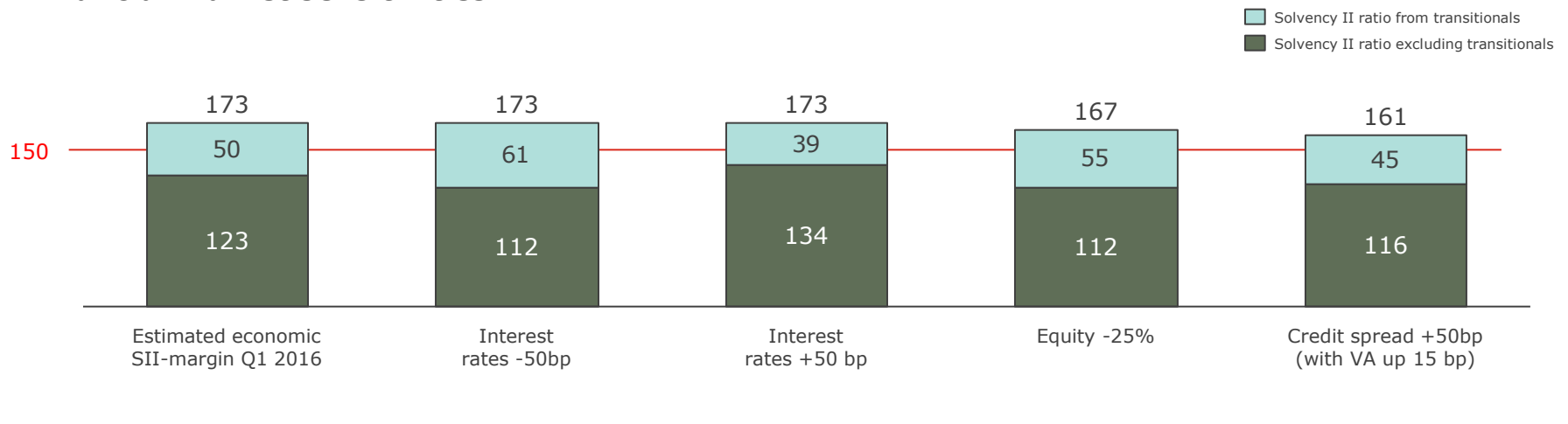
- Lapse on paid-up policies is set to 0% up until 2021, 1.5% lapses after this. 0% lapses also after 2021 would reduce calculated Solvency II ratio by 3 percentage points
- Reduced margin in Norwegian DC business over time
- Only costs associated with maintaining current reserves are accounted for. A cost increase/decrease of 10% would decrease/increase Solvency II ratio by 4.0 percentage points

Loss absorbing capacity of tax

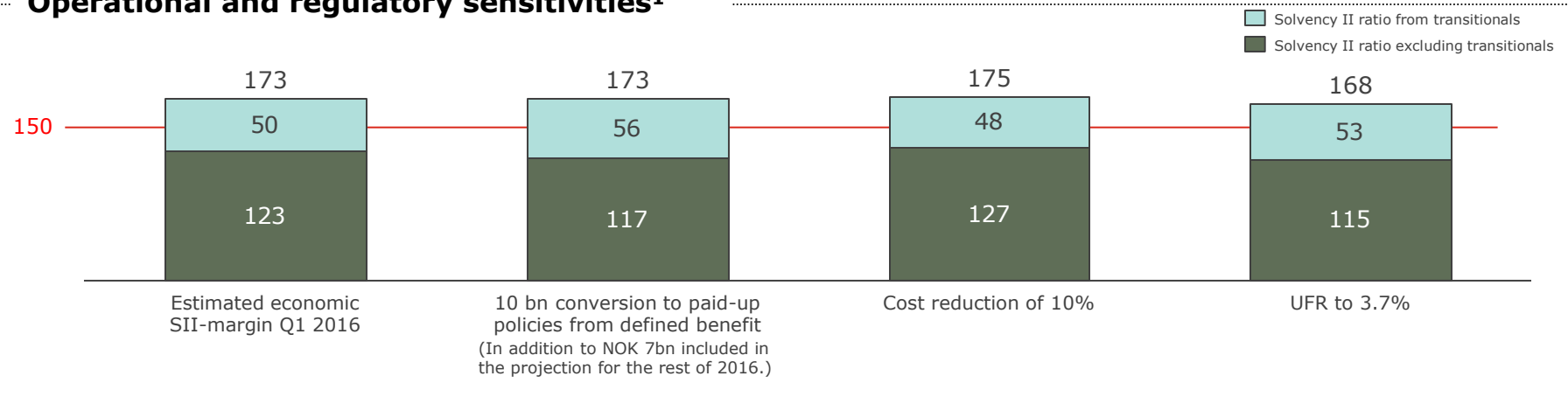
- Full allowance for loss absorbing capacity of tax
- Methodology proves that the deferred tax asset that arise from adverse market conditions can be utilized within the projection horizon
- Norwegian FSA has been clear on the allowance for loss absorbing capacity of deferred tax
- 13% effect on SCR before diversification

Low Sensitivities in Solvency II Ratio Including Transitionals

Financial market sensitivities¹



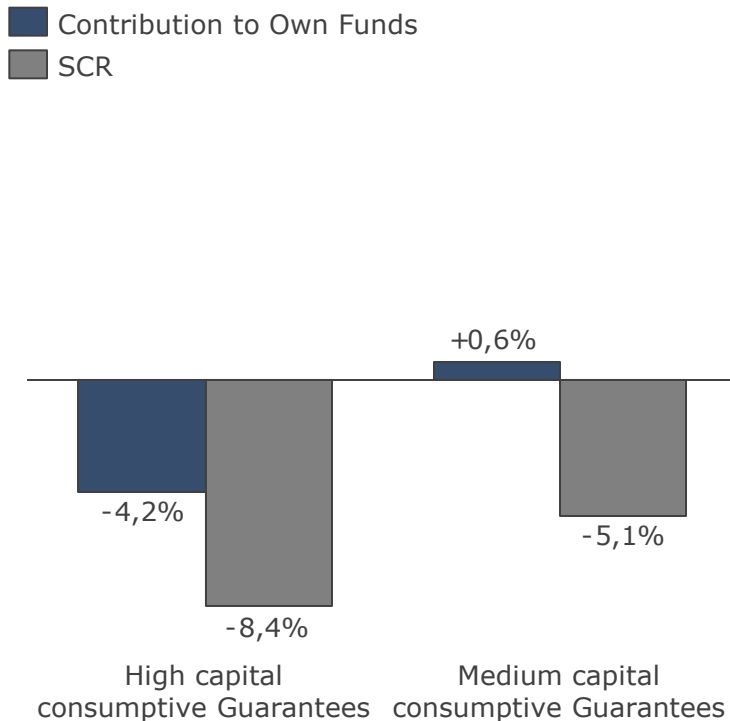
Operational and regulatory sensitivities¹



Front Book Well Adapted to Solvency II, while Back Book is Capital Intensive

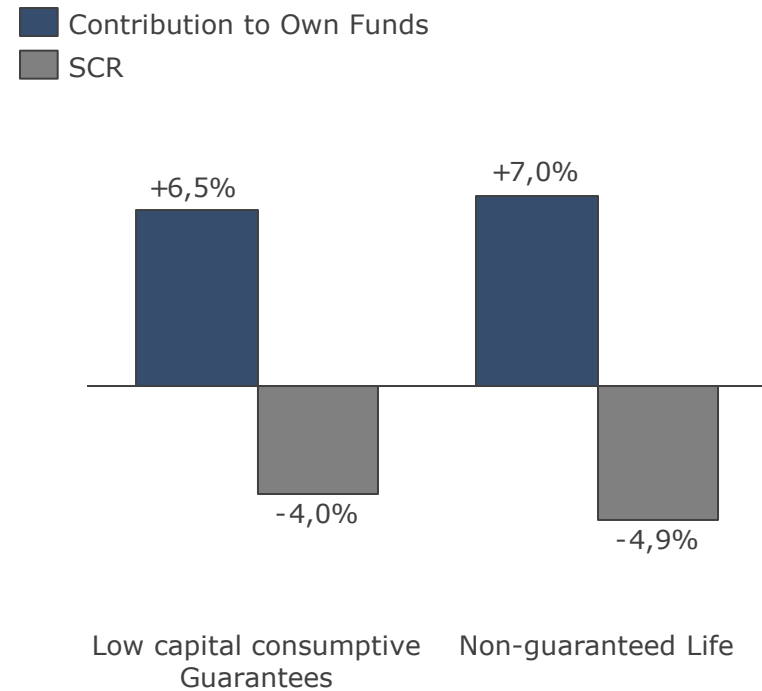
Back book with considerable capital consumption

% of reserves



Front book has a sound Solvency II position

% of reserves

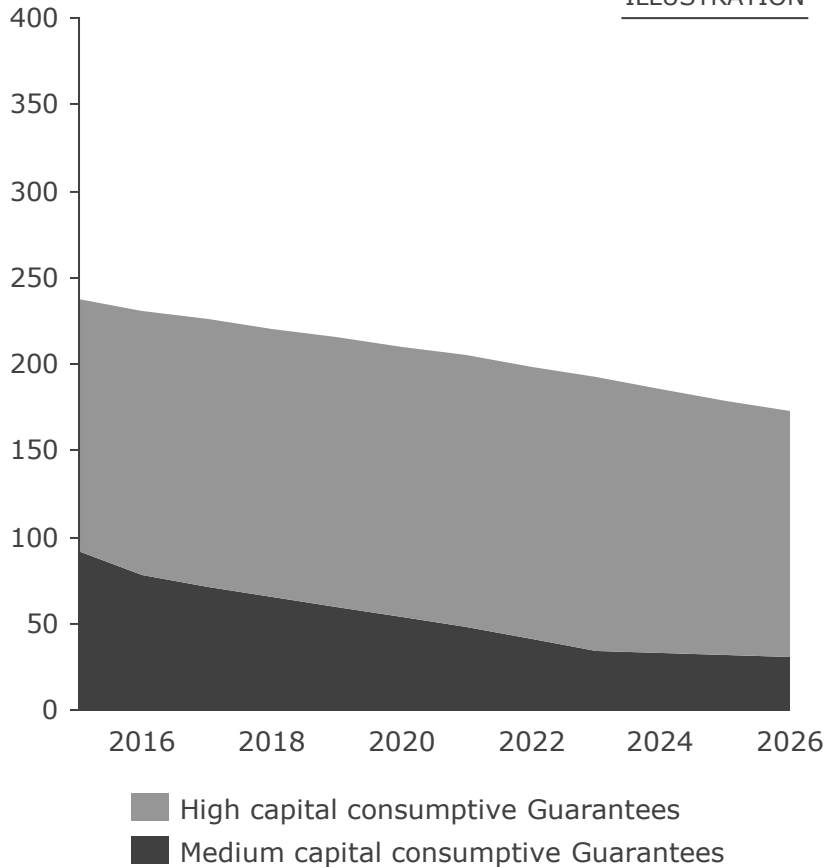


Back Book in Run Off, Front Book is Growing Fast

Forecast reserve development back book

NOKbn

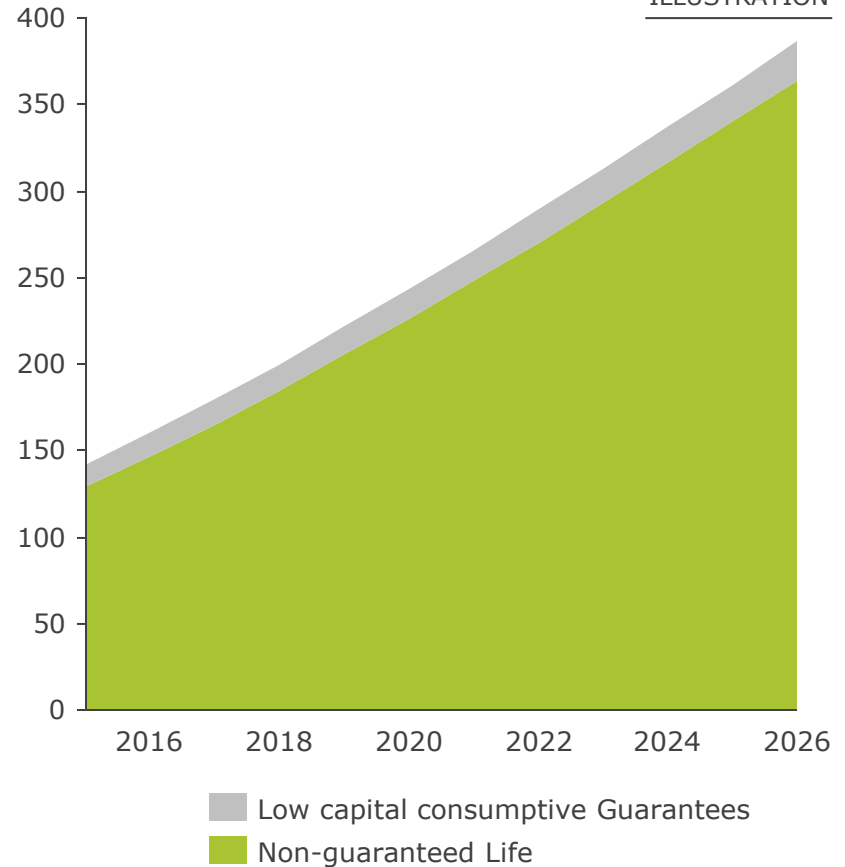
ILLUSTRATION



Forecast reserve development front book

NOKbn

ILLUSTRATION



High capital consumptive Guarantees: Paid-up policies, Individual Norway and capital consumptive guarantees Sweden.
 Medium capital consumptive Guarantees: Defined Benefit and medium guaranteed Sweden.
 Low capital consumptive guarantees: Capital-light guarantees Sweden.
 Non-guaranteed Life: Unit Linked Norway and Sweden.

What Determines the Solvency II Ratio Going Forward

A

Financial markets

- Interest rates: Small sensitivity in SII ratio including transitional measures, larger without
- Credit: Higher credit spreads will improve SII ratio over time, but may weaken SII ratio short term

B

Development in reserves

- Paid up policies: Will peak within a few years
- Guaranteed reserves SPP: already in run off and are releasing capital
- Unit linked is growing fast, all growth is SII positive

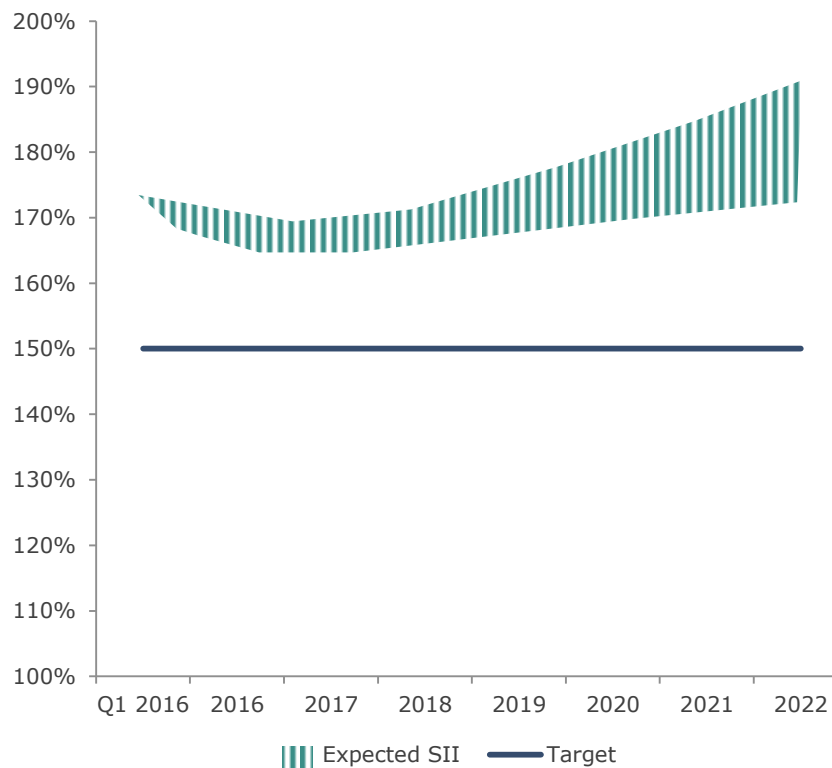
C

Own measures

- Investment strategy
- IFRS earnings
- Other measures: Re-insurance and sub debt

Forecast Solvency II ratio

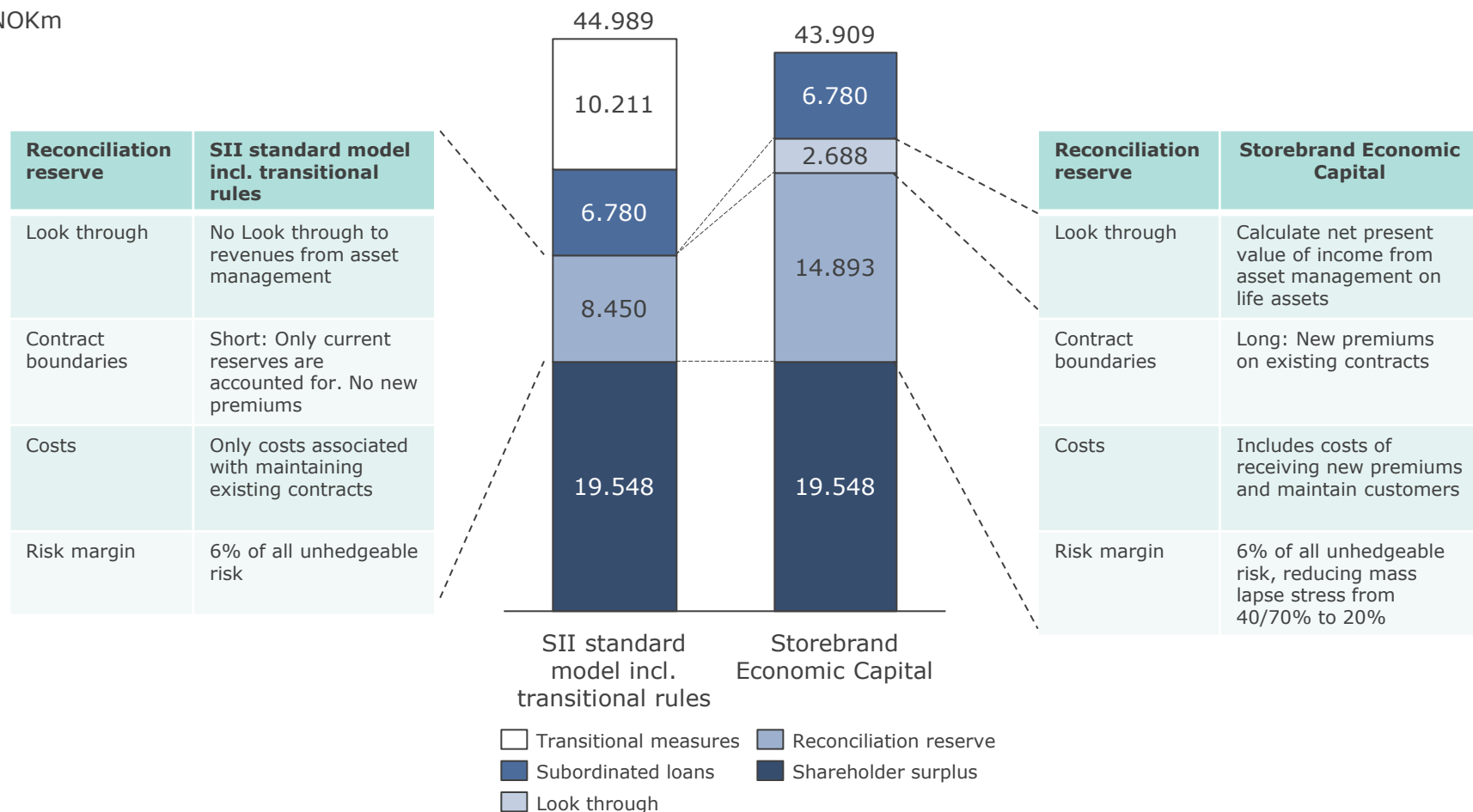
ILLUSTRATION



From Solvency II to Economic capital to Reflect More Realistic Business Assumptions

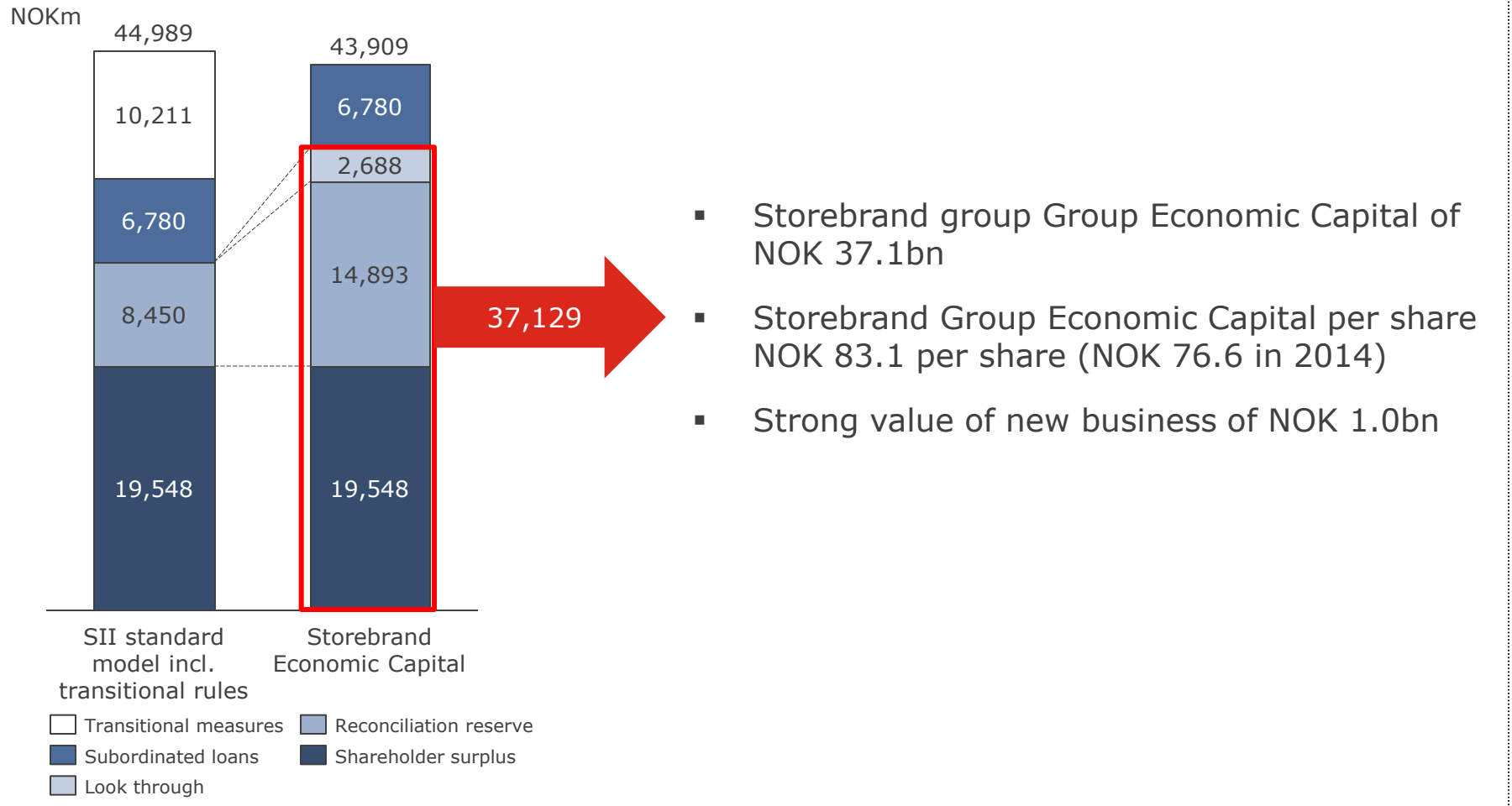
From Solvency II standard model to economic capital¹

NOKm



Economic Capital Values Reflect Value of Underlying Business

From Solvency II standard model to economic capital¹

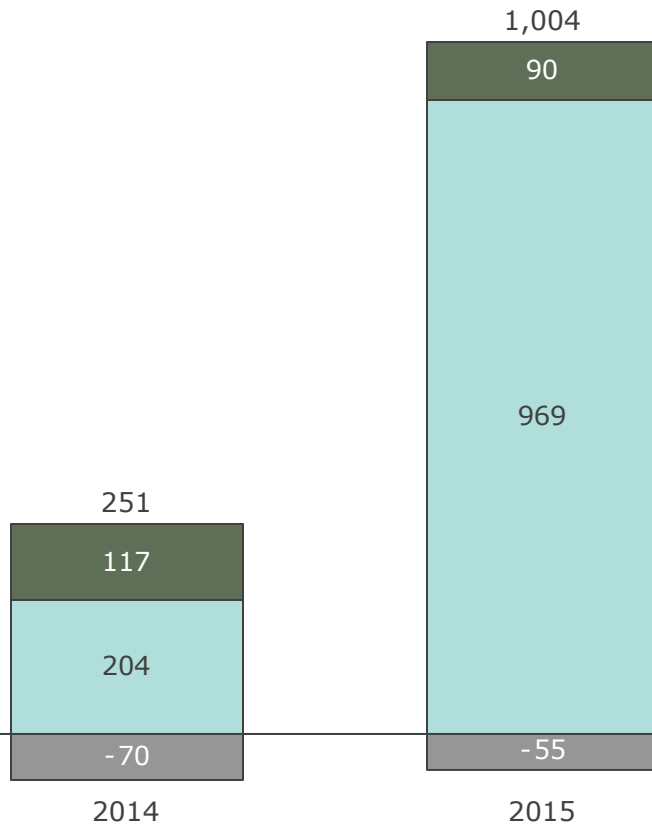


Strong Sales in 2015

- Value of New Business NOK 1bn

Value of new business

NOKm



Guaranteed pension Insurance Savings

Strong new sales in 2015

- Strong sales of occupational pension Unit Linked in Norway – increased market shares to 34%
- Strong VNB for individual Unit Link products of NOK 130m
- Positive value from paid up policies with investment choice

Effect from methodology changes in 2015

- Replacements are accounted as new business in 2015 with a VNB of about NOK 250m
- Moving from 30 to 60 years projection period increases the VNB with NOK 100m

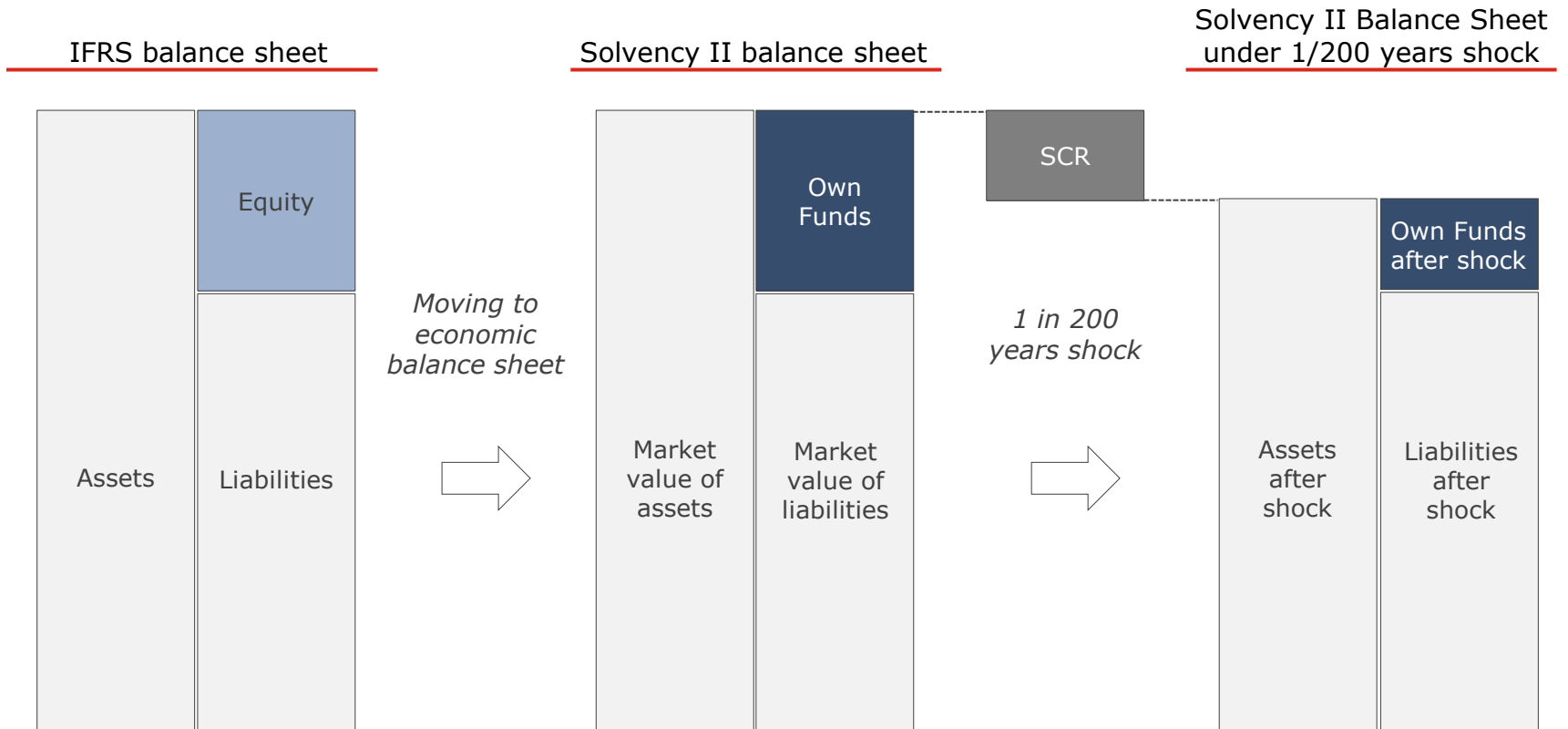


Key Takeaways

- **Solid Solvency II position with low volatility**
- **Solvency II requirements on back book is close to peak**
- **New business written gives positive VNB and contributes with Solvency capital**
- **Robust and transparent Solvency II calculations**

Appendix

Calculating Solvency II

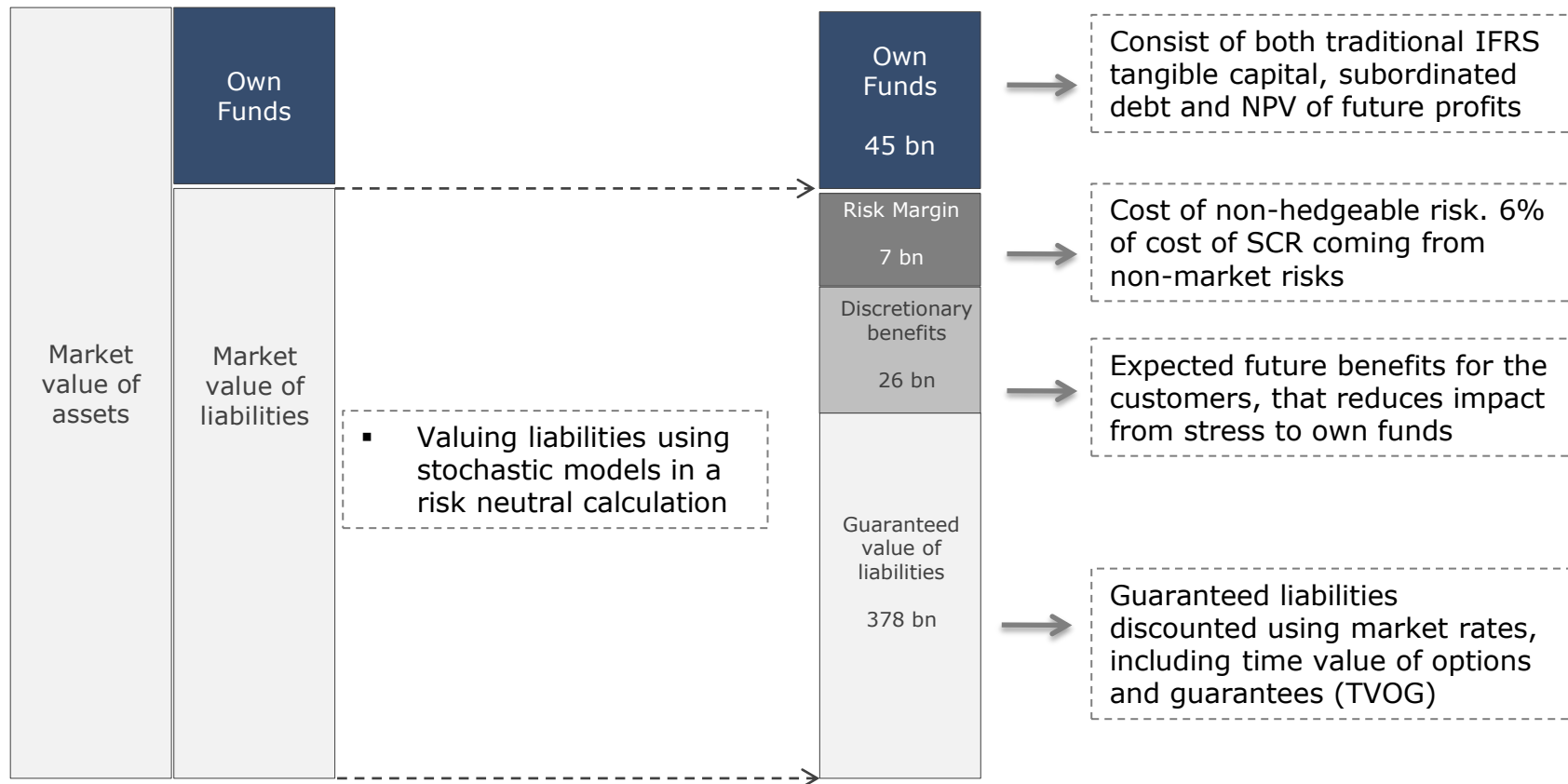


$$\text{Solvency II ratio} = \frac{\text{Own Funds}}{\text{SCR}} = \frac{\text{NOK 47bn}}{\text{NOK 27bn}} = \mathbf{175\%}^1 \text{ (1Q 2016)}$$

Calculating Market Value of Liabilities under Solvency II

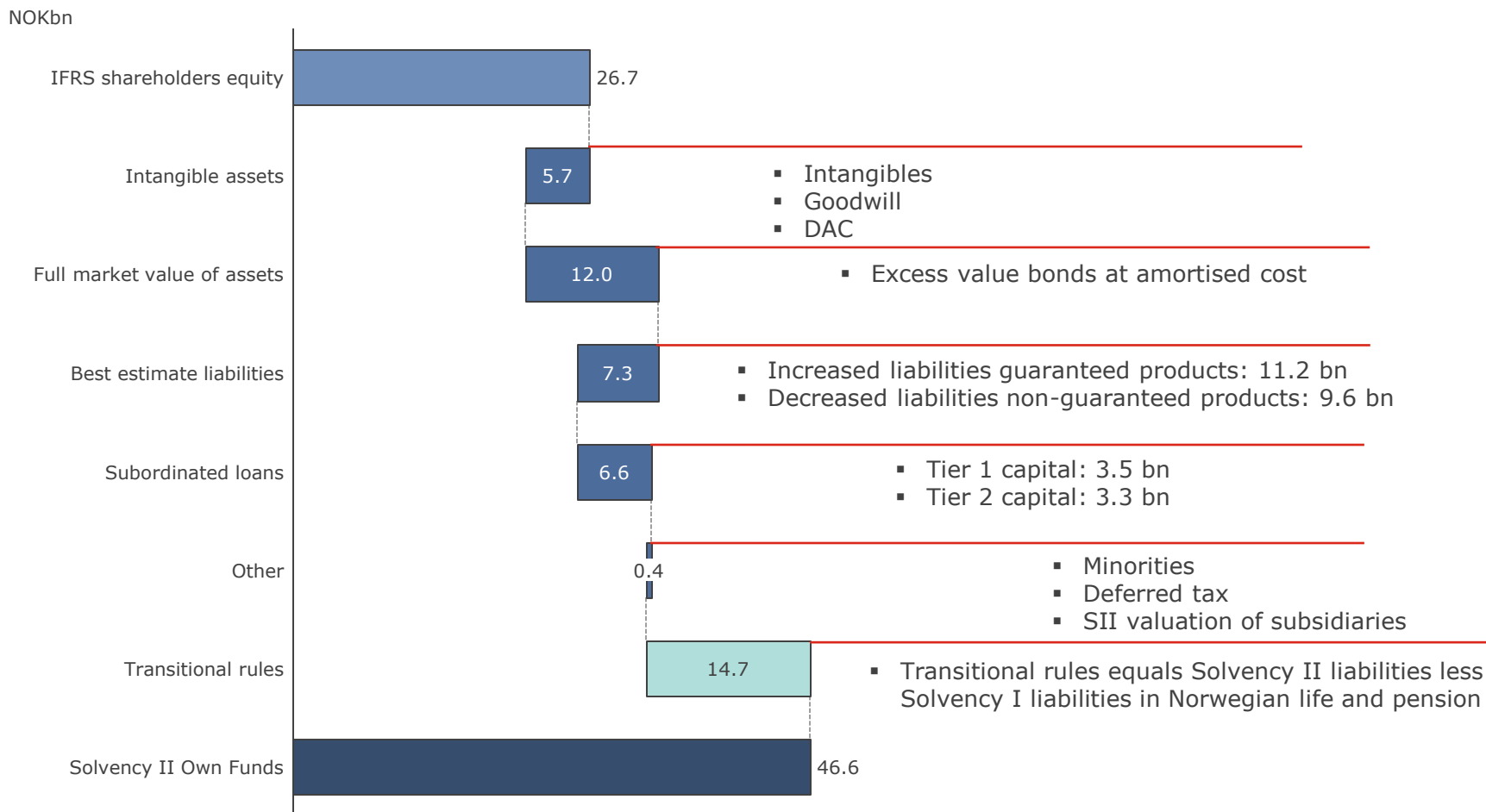
Solvency II balance sheet

Market value of liabilities

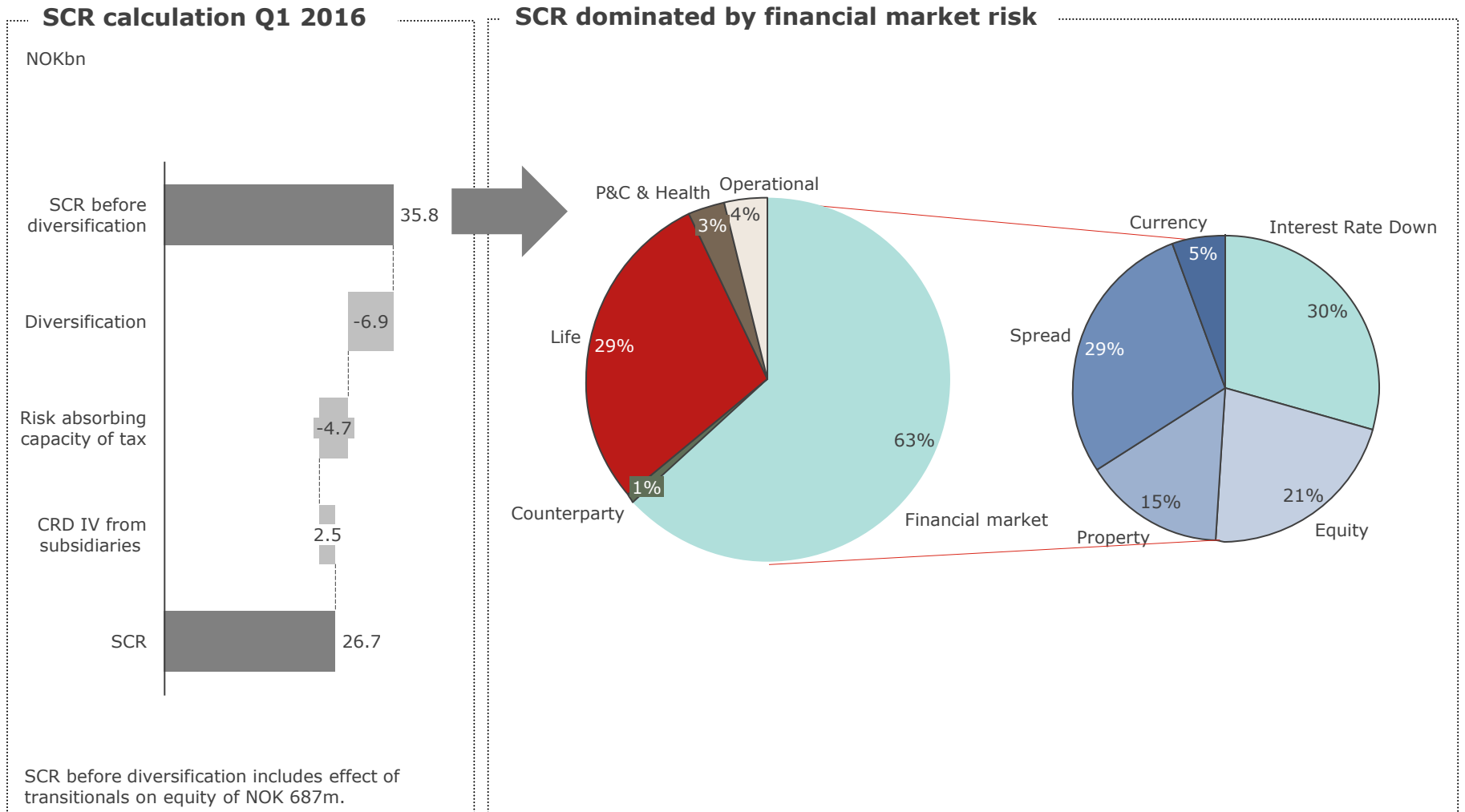


From IFRS Values to Solvency II Own Funds

Moving from IFRS to Solvency II capital¹



Calculating the Solvency Capital Requirements (SCR)



Liability Driven Investments

Torres Trovik
CIO



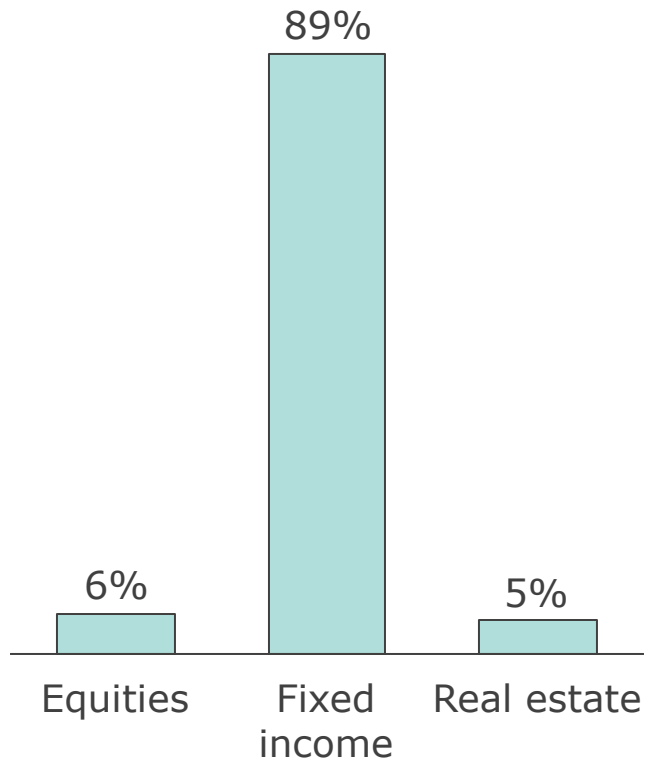


Key Takeaways

- **Sufficient expected return to grow both buffers and solvency capital**
- **Buffer capital of 5.3% provides low risk for shareholders and reduces net SCR**
- **Efficient risk management by segmentation**
- **A strong bonds at amortised cost portfolio providing 65% of required return**

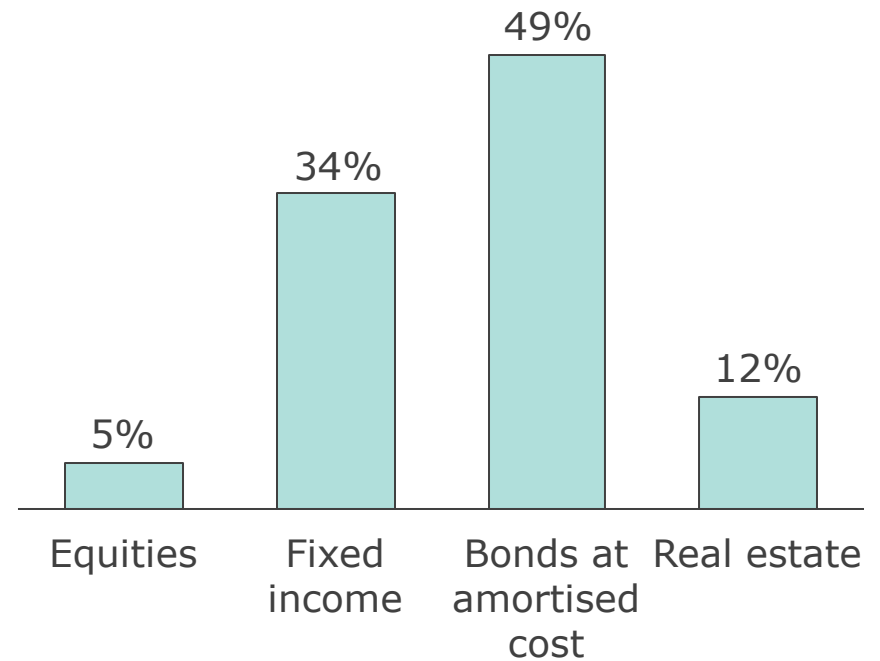
Guaranteed Asset Allocation

Sweden NOK 91 bn



Norway NOK 176 bn

Comment on oil exposure: 1% of total asset allocation with direct oil exposure, whereof 0,3% Norwegian exposure



Liability Driven AM with a Double Purpose

Financial targets sets priorities

*Solvency generation and preservation
main priority*

Return on equity ¹	> 10 %
Dividend ratio ¹	> 35 %
Solvency II margin ²	> 150%



Two risk management perspectives

1

Solvency II

- Long term perspective
- Risk management of **own funds** and **SCR**
 - Asset return > Liability return

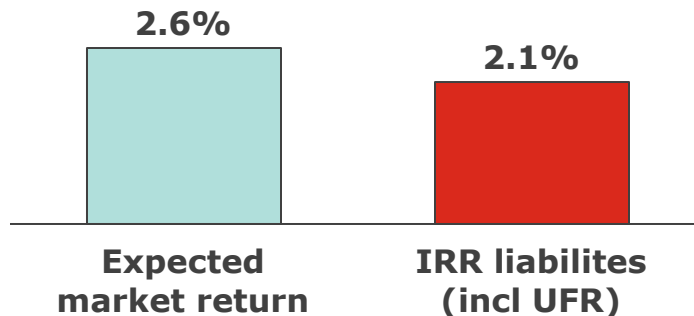
2

IFRS results

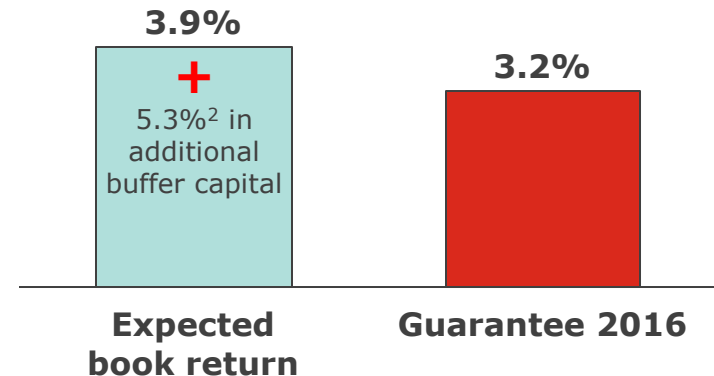
- Annual perspective
- Risk management of **financial result** and **buffers**
 - A & L at book value in Norway
 - A & L at market value in Sweden

Norwegian Guaranteed Book:¹ Different Return Targets under Solvency II and IFRS

Expected market return vs. SII liability IRR



Expected book return vs. IFRS guarantee



1 Solvency II

- The IRR of liabilities (2.1%) is above current swap rate (1.4% at 31.3.16) due to Smith Wilson extrapolation in SII curve when liabilities are marked to market
- We exceed the target for **market return** with current allocation both in the short end long term
 - Building own funds

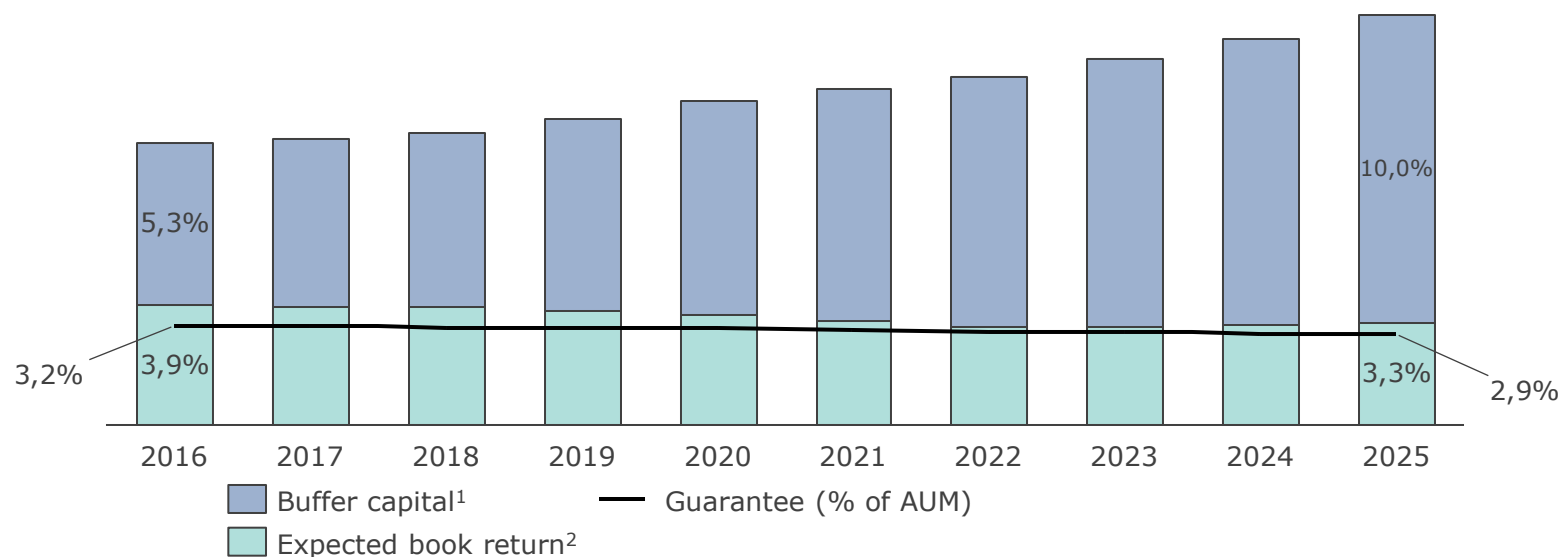
2 IFRS

- The return target for **book return** is the annual guarantee (3.2% next year, falling)
- Expected book return is market return + running yield from amortizing bonds portfolio
- In addition we can draw on 5.3% buffer if necessary
 - Flexibility to smooth returns – low IFRS risk
 - Building buffers – reducing SCR

Norwegian Guaranteed Book – IFRS perspective: Estimate of Expected Returns and Buffer Development

Expected return and buffer level 2016-2025 (%)

Sufficient return to meet IFRS guarantee and build buffer capital

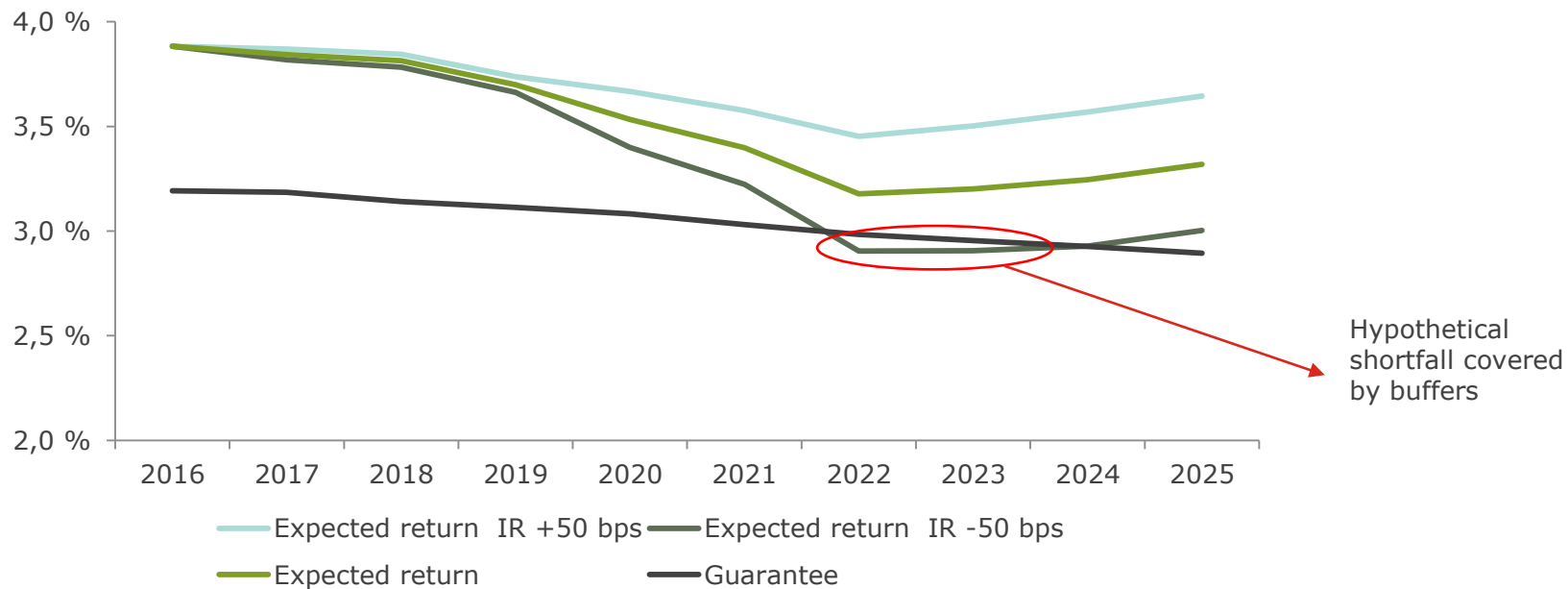


IFRS perspective

- Book value of liabilities unwinds at guaranteed rate
- Contribution from amortizing bonds is 65% of return estimate
- Buffer capital shields shareholders and reduce SCR

What If Interest Rates Go Even Lower?

Norwegian guaranteed portfolio – return sensitivities



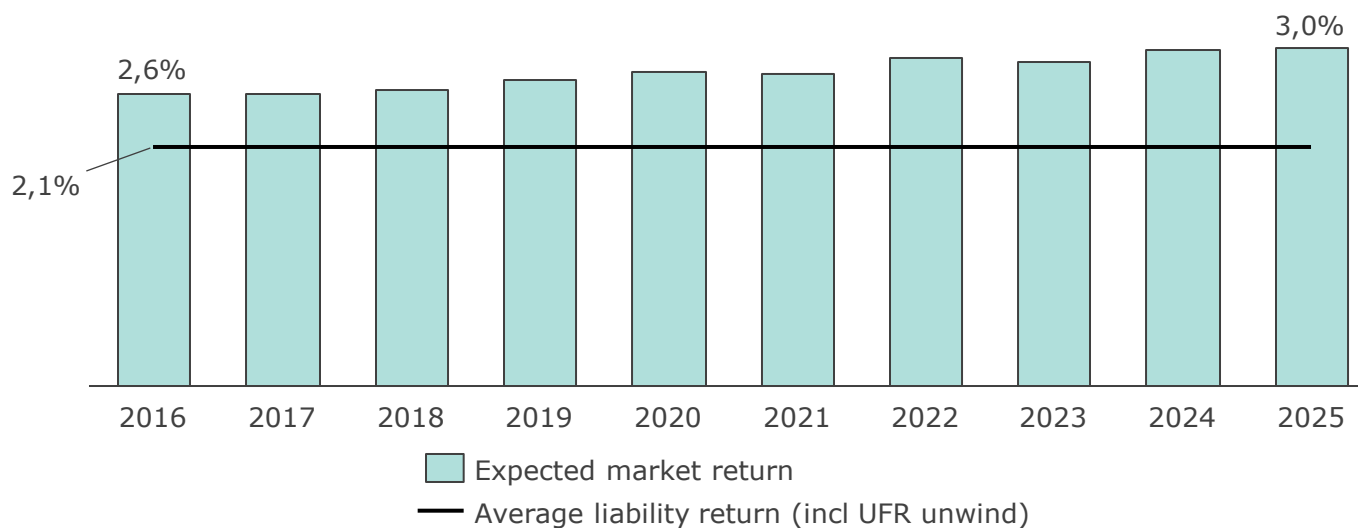
Interest rate reduction of 50 bps

- The deficit is to a large degree absorbed by buffers
- Effect on financial result is zero or very limited

Norwegian Guaranteed Book - Solvency perspective: Estimate of Expected Return and Liability Development

Expected mark to market return 2016-2025 (%)

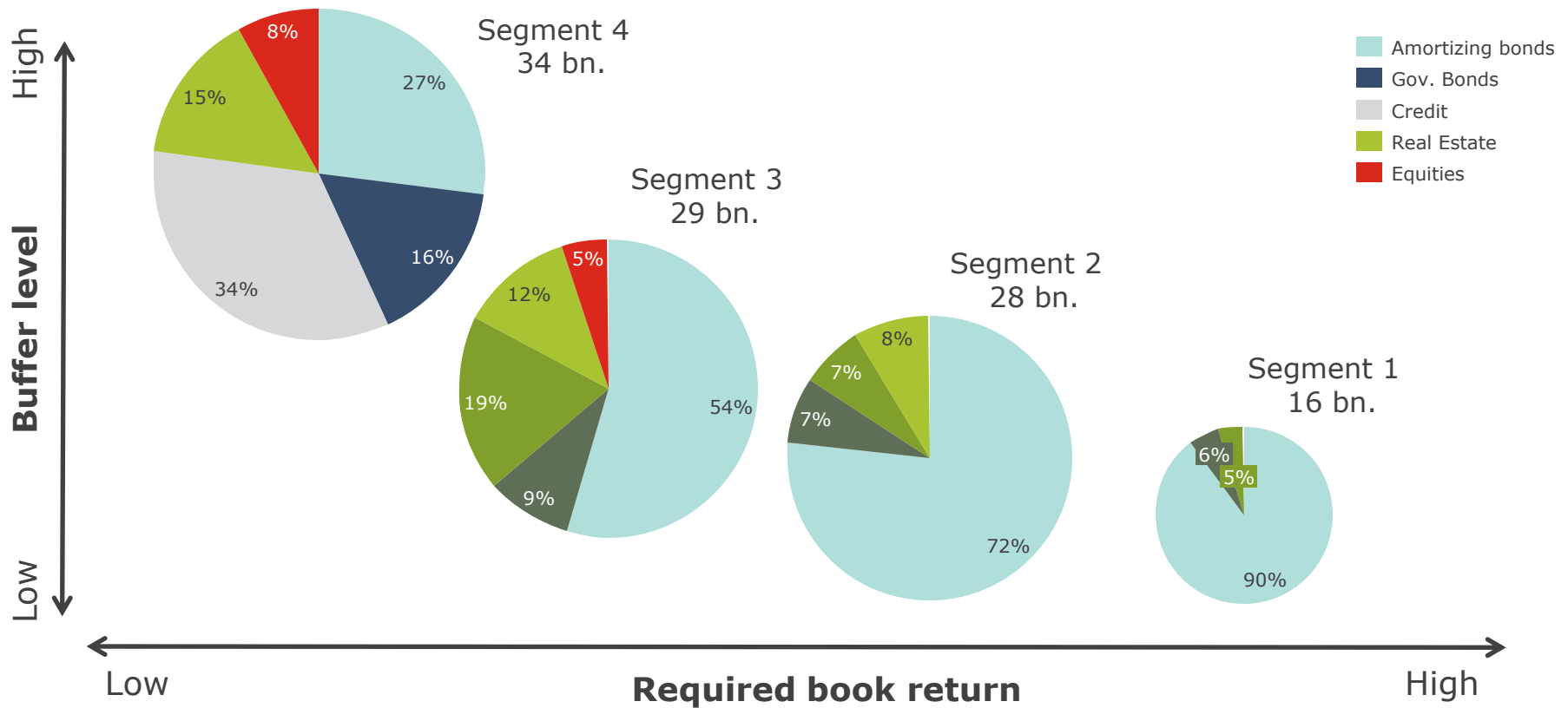
Sufficient return generates Solvency II capital



Solvency II perspective

- Market value of liabilities – unwinds at market rate
- All assets mark to market, surplus values in amortizing bonds in opening balance
- Asset return > liability return generates solvency capital

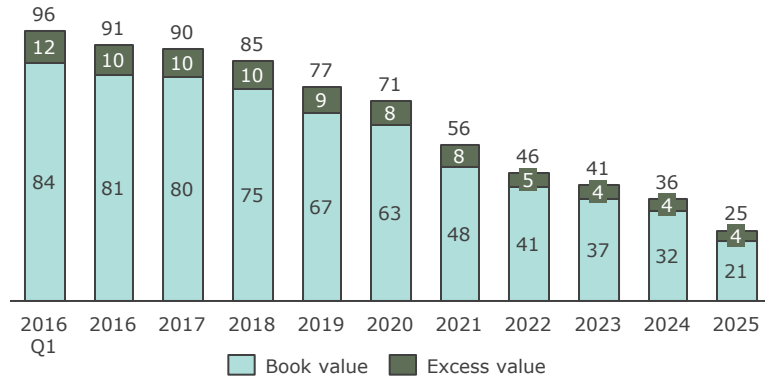
Paid up policies in Norway: Segmentation According to Risk Capacity



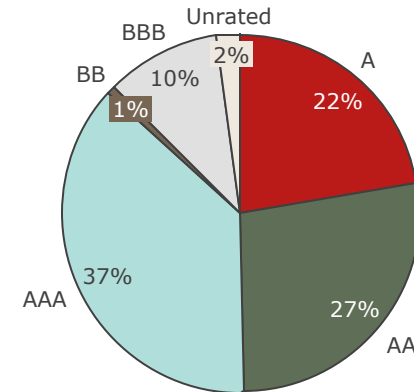
High Quality Assets I

- Characteristics of Bonds at Amortised Cost¹

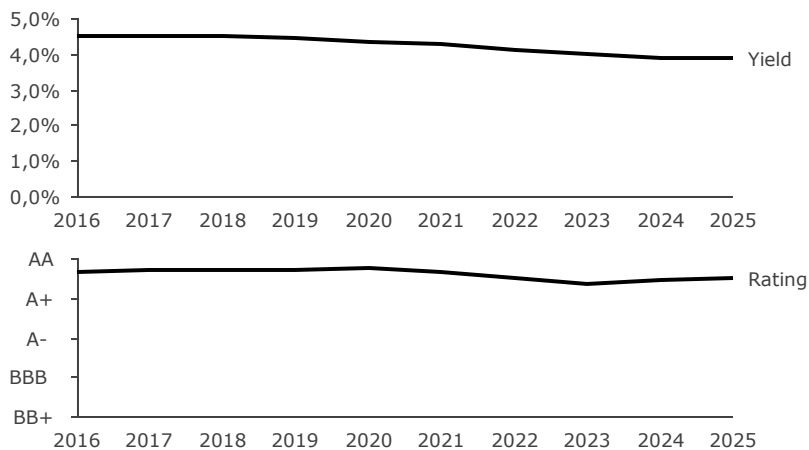
Market & book value – no reinvestment (NOKbn)



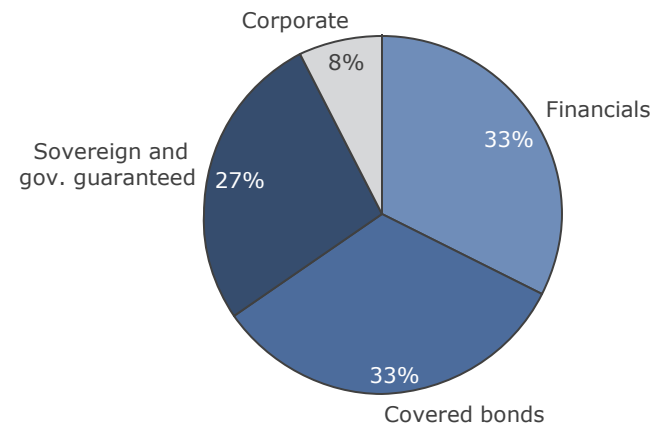
Rating distribution (%)



Yield and rating development – no reinvestment



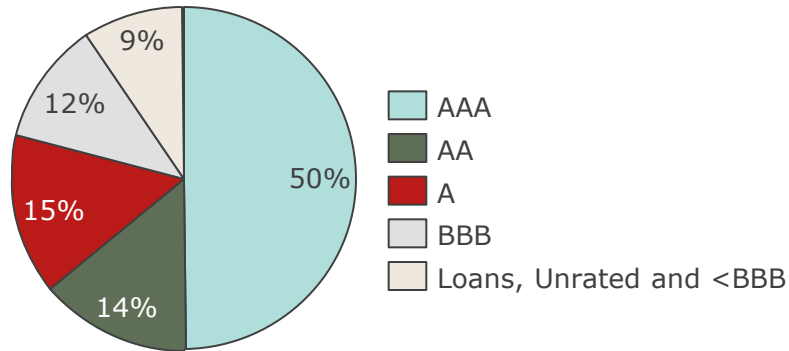
Sector distribution (%)



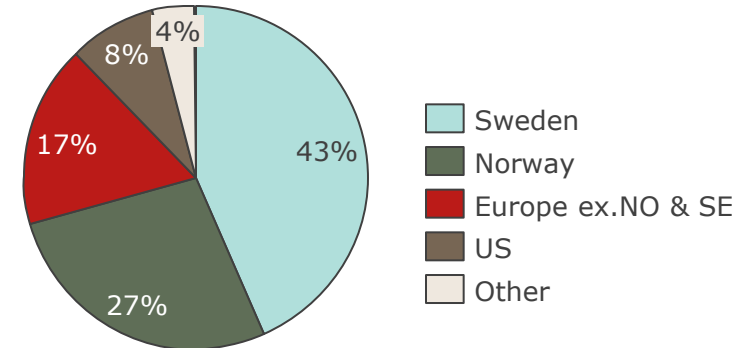
High Quality Assets II

- Characteristics of Mark to Market Fixed Income¹

Rating distribution (%)



Geographical distribution (%)



Sector distribution (%)





Key Takeaways

- **Sufficient expected return to grow both buffers and solvency capital**
- **Buffer capital of 5.3% provides low risk for shareholders and reduces net SCR**
- **Efficient risk management by segmentation**
- **A strong bonds at amortised cost portfolio providing 65% of required return**

Capital management framework and financial position

Lars Aa. Løddesøl
Group CFO



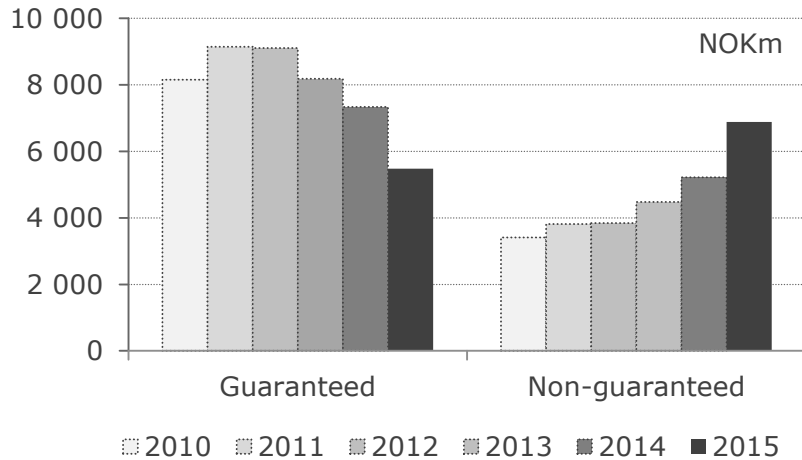


Key Takeaways

- **On a transition from capital consuming guarantees to capital-light asset gatherer**
- **Growth and profitability from Savings and Insurance replace run-off business**
- **Back book run off and front book solvency generation enable future capital release**
- **New capital management policy with >150% SII target ensures clear dividend policy**

From Guaranteed to Non-Guaranteed Pension Savings

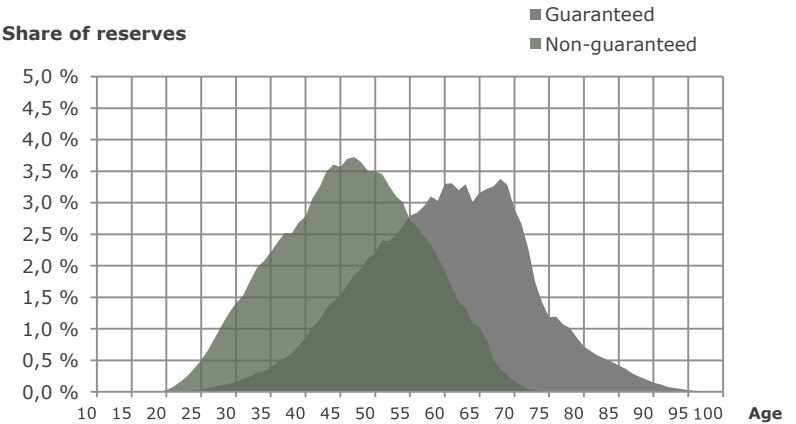
Premium income Storebrand Life Insurance¹



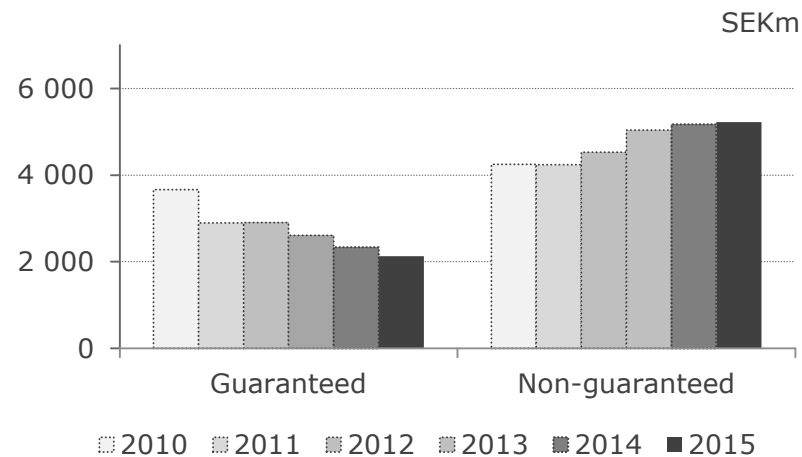
Storebrand Life Insurance²

Share of reserve distributed by age of policy-holder

Share of reserves

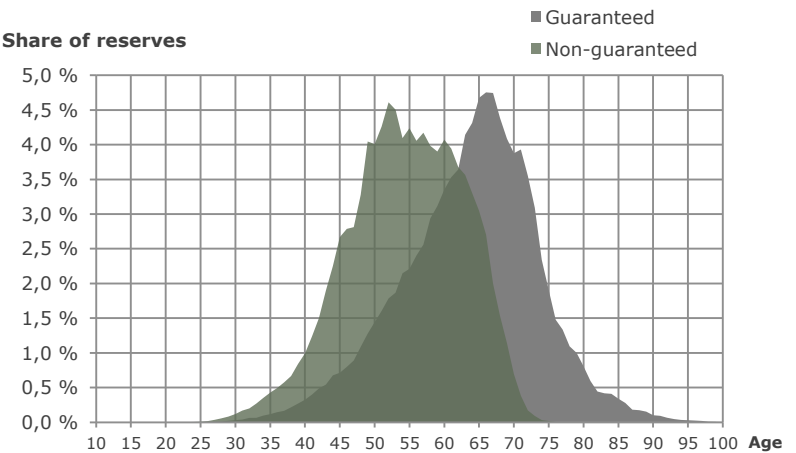


Premium income SPP Life Insurance³



SPP Life Insurance³

Share of reserves



¹ Guaranteed: Defined Benefit Norway. Non-guaranteed: Unit Linked (occupational pension) Norway, Q1 2016.

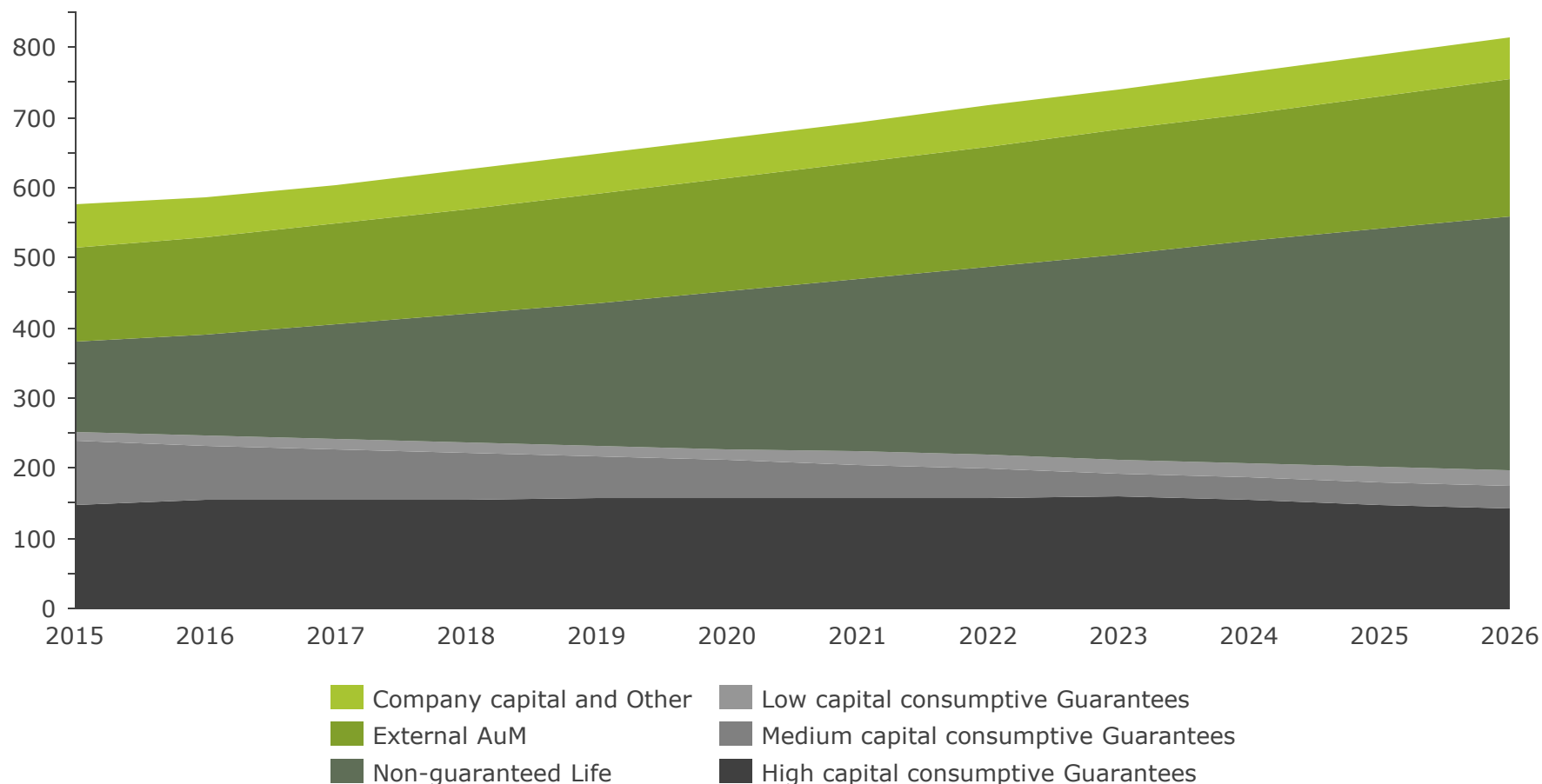
² Guaranteed: Defined Benefit Norway and Paid-up policies. Non-guaranteed: Unit Linked (occupational pension) Norway, Q1 2016.

³ Guaranteed: Guaranteed pension, Sweden. Non-guaranteed: Unit Linked Sweden, excl. transfers, Q1 2016.

Long Term Balance Sheet Shift

Forecast assets under management (NOKbn)

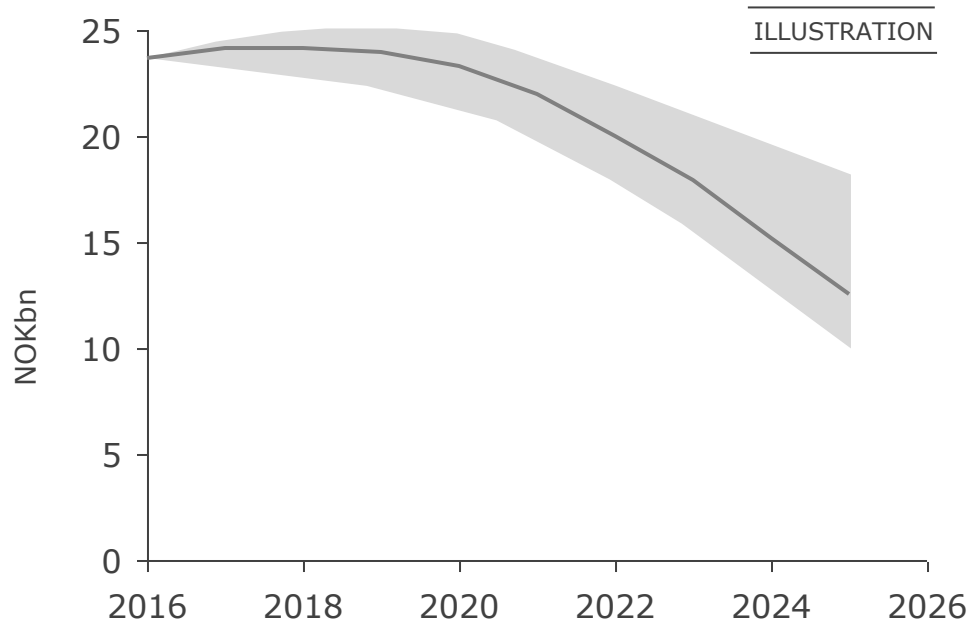
ILLUSTRATION



Guaranteed Back Book: - Expected Capital Consumption Reduced

Estimated reduced capital consumption

Capital consumption includes sum of solvency capital requirement and sum of VIF for all guaranteed products



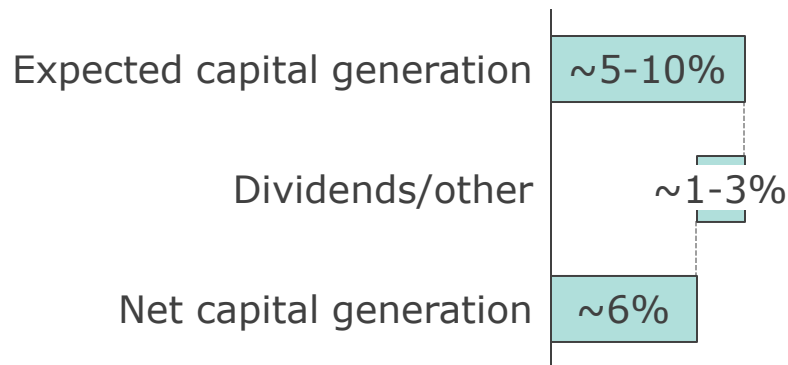
Reduced capital consumption will replace transitional capital, and over time improve dividend capacity

Why reduction in capital need?

- Guaranteed portfolio in run off
 - ✓ Average policyholder above 61 years
 - ✓ Retirement benefits > premium income and guaranteed return
 - ✓ Reduces risk margin and TVOG
- Interest rate guarantee reduced
 - ✓ Old policies have higher guarantees
- Capital light new sales

Capital Generation will Increase over Time and is Sufficient to Pay Dividends

Annual estimated solvency generation (%)¹



Storebrand will generate sufficient capital:

- (1) *To stay in the targeted solvency range of 150-180%*
- (2) *To cover dividend payment with current interest rate curve*

And the run off of guaranteed liabilities will increase the level of capital generation to more than 10pp

- Expected annual capital generation next 5 years will be between 5-10pp of improved solvency ratio, further management actions have the potential to further improve solvency
- We expect that unwinding of transitional capital will mostly be offset by a decrease in guaranteed liabilities and an increased value of in-force of the non-guaranteed business. The need to build more tangible capital will be limited and achieved through retained earnings after dividend payments

What Determines the Solvency II Ratio Going Forward

A

Financial markets

- Interest rates: Small sensitivity in SII ratio including transitional measures, larger without
- Credit: Higher credit spreads will improve SII ratio over time, but may weaken SII ratio short term

B

Development in reserves

- Paid up policies: Will peak within a few years
- Guaranteed reserves SPP: already in run off and are releasing capital
- Unit linked is growing fast, all growth is SII positive

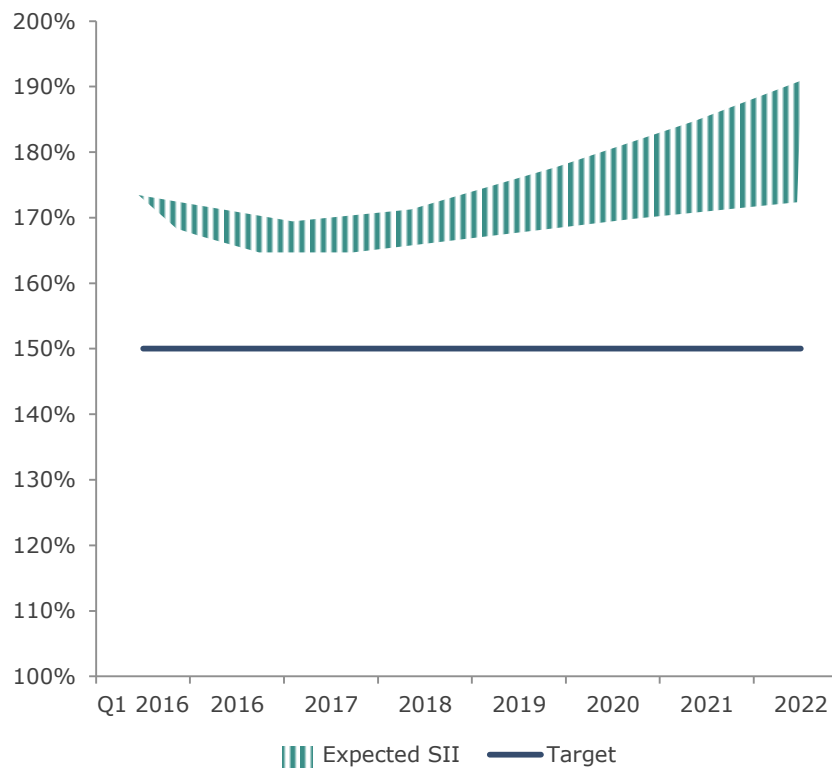
C

Own measures

- Investment strategy
- IFRS earnings
- Other measures: Re-insurance and sub debt

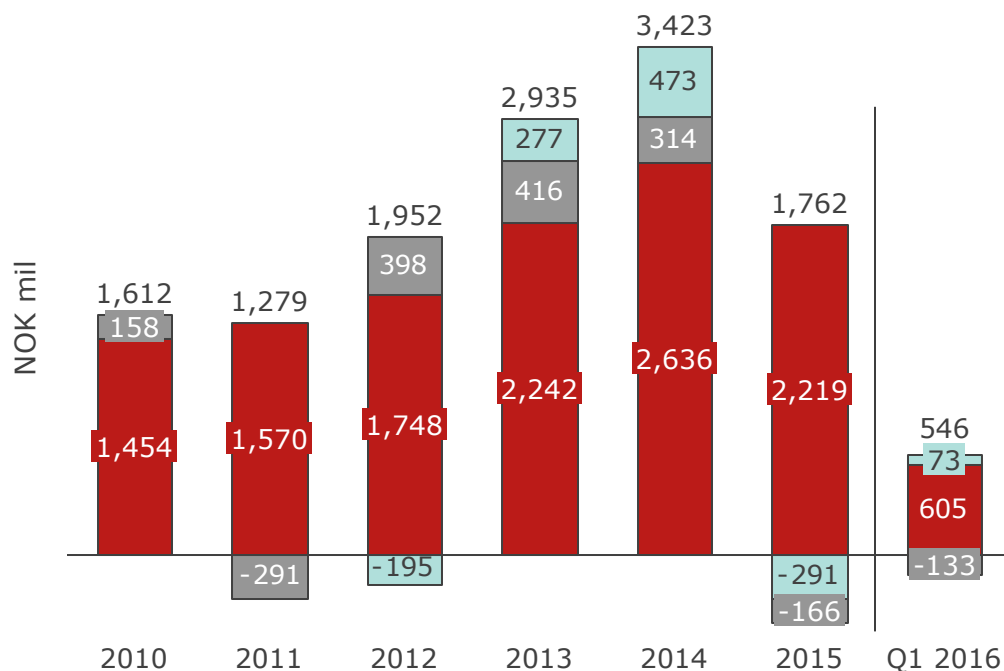
Forecast Solvency II ratio

ILLUSTRATION



A Solid and Profitable Company, but Profitability Under Pressure Short Term

Group result¹



- Non-recurring items
- Net profit sharing and loan losses
- Result before profit sharing and loan losses

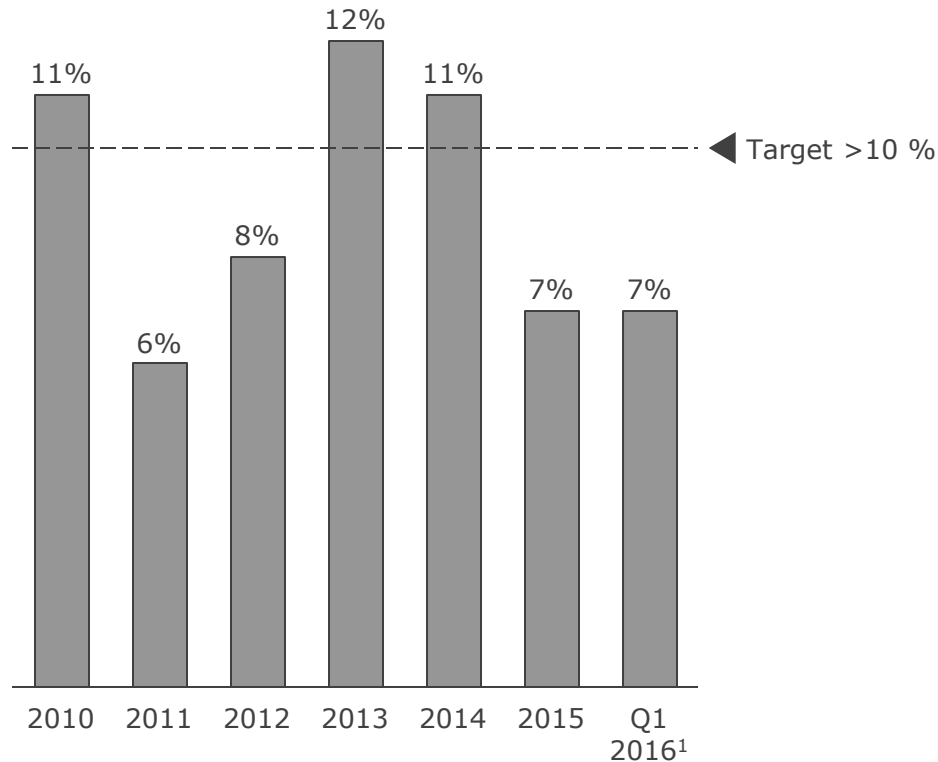
Comments

- Exiting public sector Defined Benefit
- Exiting Corporate Banking
- Lower interest rates
- Profitable Defined Benefit Norway significantly reduced

¹ Result before amortisation and longevity reserve strengthening.

We Maintain >10% RoE Target

Return on IFRS equity



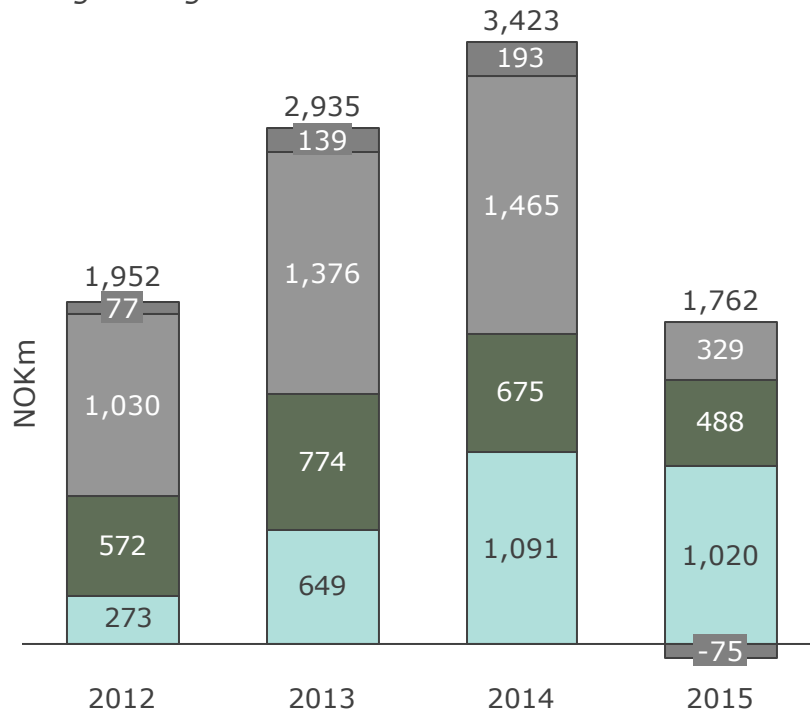
Comments

- RoE target: 10% after tax, adjusted for amortisation
- Increase in equity capital in light of higher capital requirements
- Reduced income from guaranteed pension puts pressure on RoE
- Reduced capital consumption combined with capital light growth will bring RoE >10%

Reporting Structure Reflects Different Business Characteristics

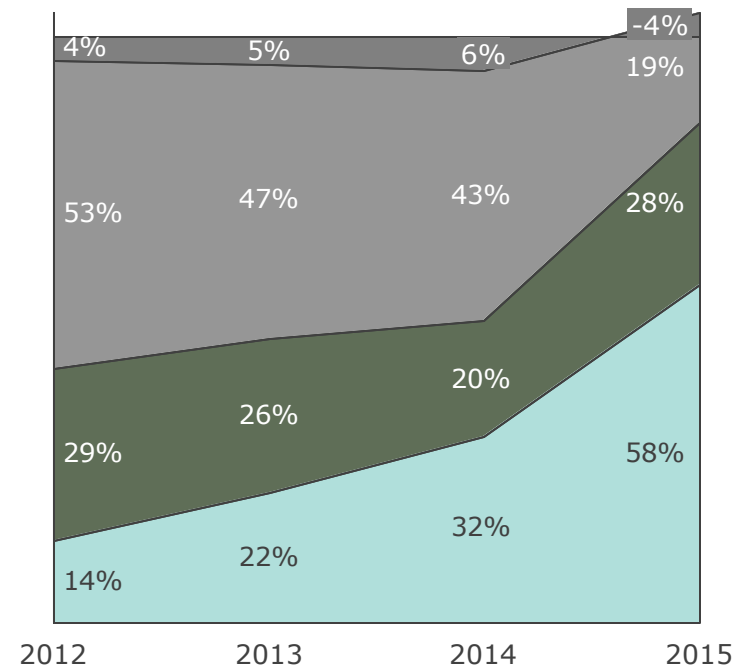
Three main segments with close links between value drivers and reported results

Result before amortisation and longevity reserve strengthening



Transition towards Savings and Insurance

Segments' share of result before amortisation and longevity reserve strengthening



Other Guaranteed Insurance Savings

Strong Returns on IFRS Equity in Savings and Insurance

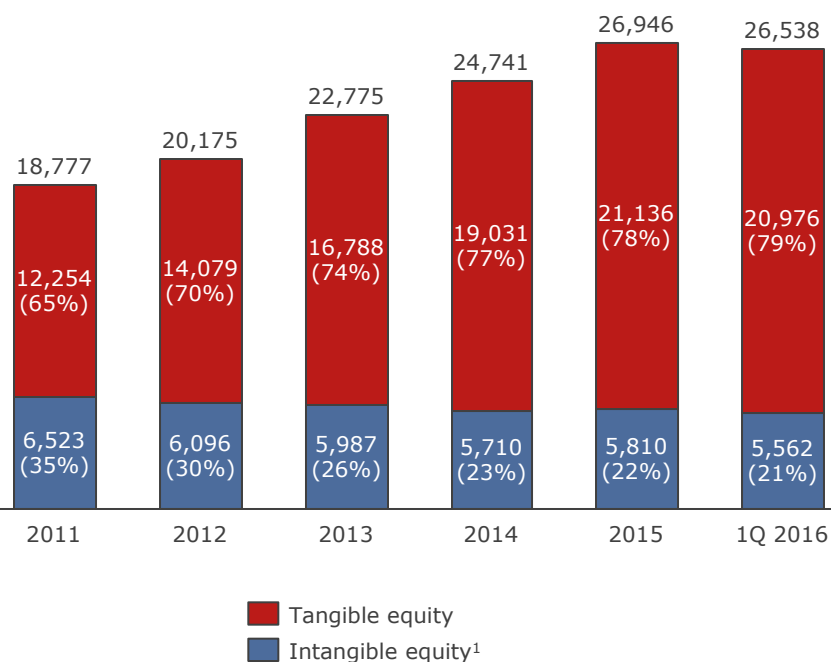
	<u>Savings</u>	<u>Insurance</u>	<u>Guaranteed</u>	<u>Other</u>	<u>Group</u>
IFRS earnings ¹ (NOKm)	1,020	488	329	-75	1,762
Allocated Equity (NOKbn)	4.3	1.3	19.3	2.0	26.9
Return (%)	24%	37%	2%	-4%	7%

The equity in the Group sits within different legal units. This allocation of equity is done on a pro-forma basis to reflect an approximation to the IFRS equity consumed in the different reporting segments after group diversification. The estimated allocation is based on the capital consumption under SII and CRD IV adjusted for positive capital contribution to own funds.

Group Equity and Capital Structure – Reduced Leverage

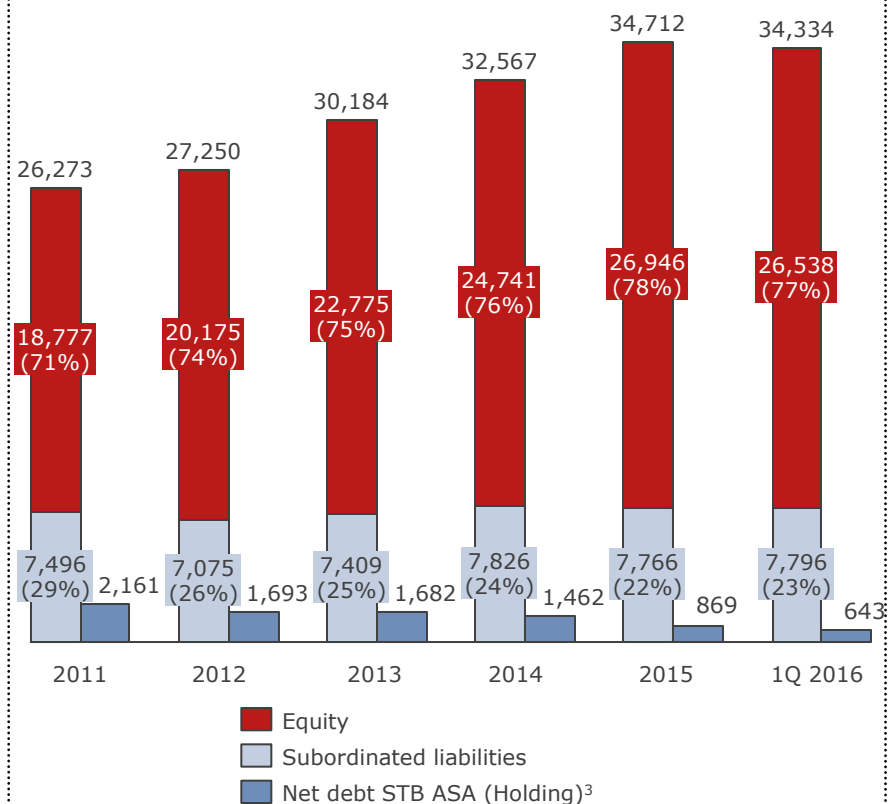
Group equity

Tangible equity increased by 72% 2011-2015, intangible equity amortised according to plan



Group capital structure²

Improved leverage ratio



¹ Intangible equity: Brand names, IT systems, customer lists and Value of business-in-force (VIF), and goodwill. VIF and goodwill mainly from acquisition of SPP.

² Specification of subordinated liabilities:

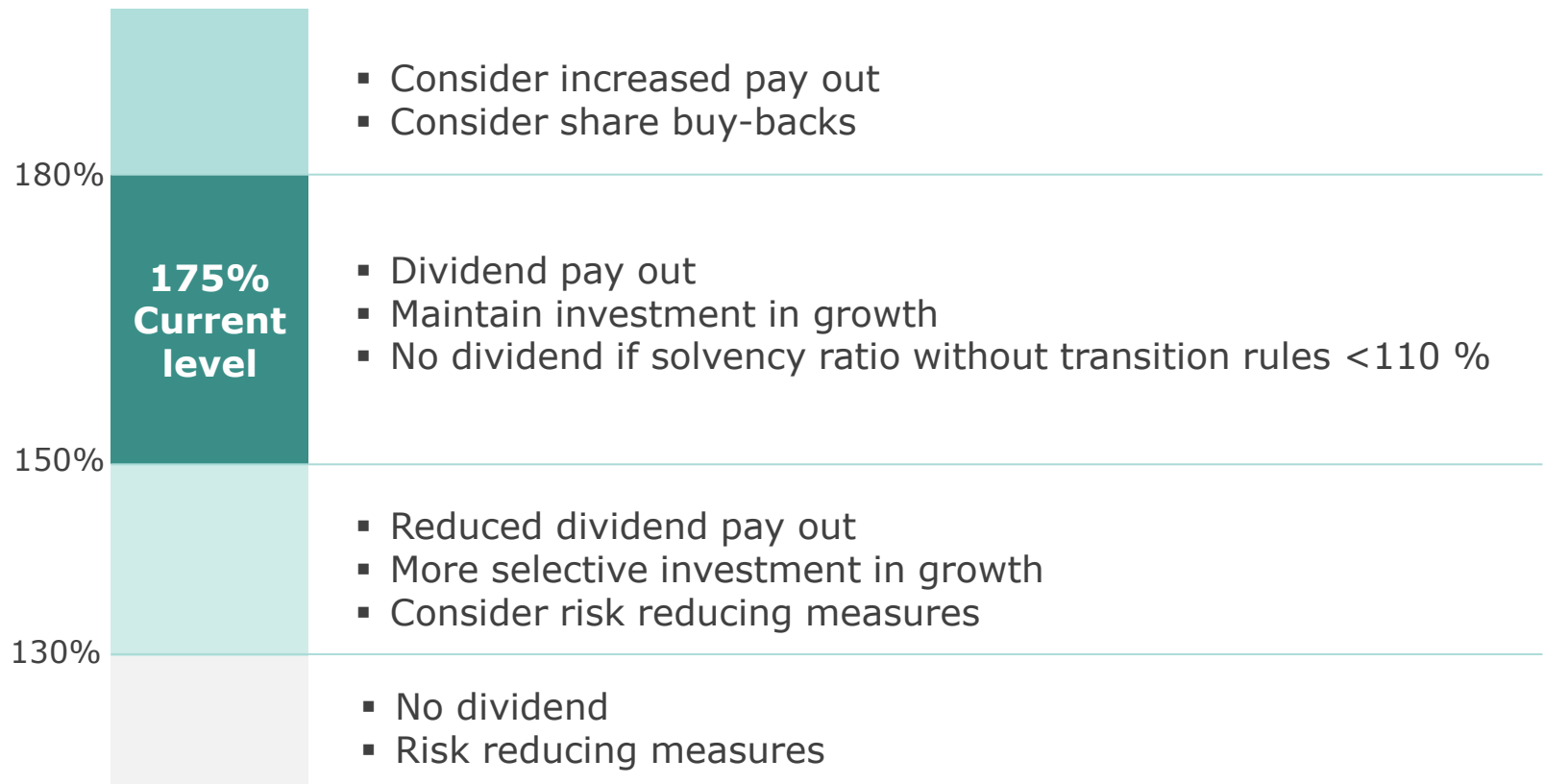
- Hybrid tier 1 capital, Storebrand Bank ASA and Storebrand Livsforsikring AS
- Perpetual subordinated loan capital, Storebrand Livsforsikring AS
- Dated subordinated loan capital, Storebrand Bank ASA and Storebrand Livsforsikring AS

³ (Senior debt – liquidity portfolio) in holding company shown in separate column as it is not part of group capital.

Group Capital Management Policy

Solvency II

Incl. transitional rules



Financial Targets

	Target	Status 1Q 2016
Return on equity ¹	> 10%	7%
Dividend ratio ¹	> 35%	n/a
Solvency II margin Storebrand Group ²	> 130%	175%
Rating Storebrand Life Insurance	A-level	BBB+/Baa1

Revised Financial Targets

	Target	Status 1Q 2016
Return on equity ¹	> 10%	7%
Dividend ratio ¹	> 35%	n/a
Solvency II margin Storebrand Group (revised) ²	> 150%	175%

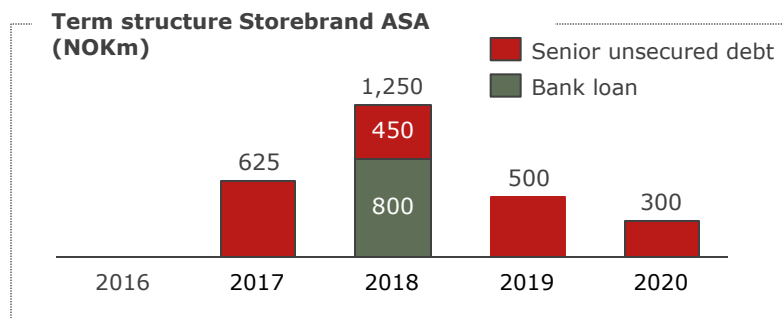
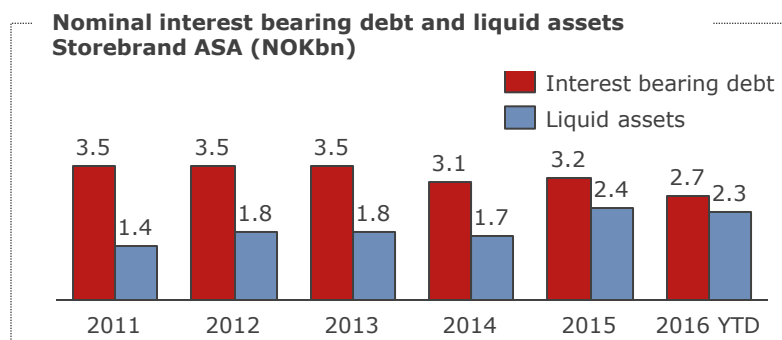
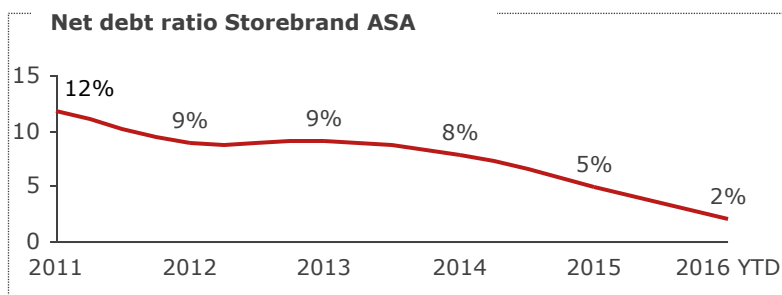


Key Takeaways

- **On a transition from capital consuming guarantees to capital-light asset gatherer**
- **Growth and profitability from Savings and Insurance replace run-off business**
- **Back book run off and front book solvency generation enable future capital release**
- **New capital management policy with >150% SII target ensures clear dividend policy**

Appendix

Increased Financial Flexibility for the Holding Company



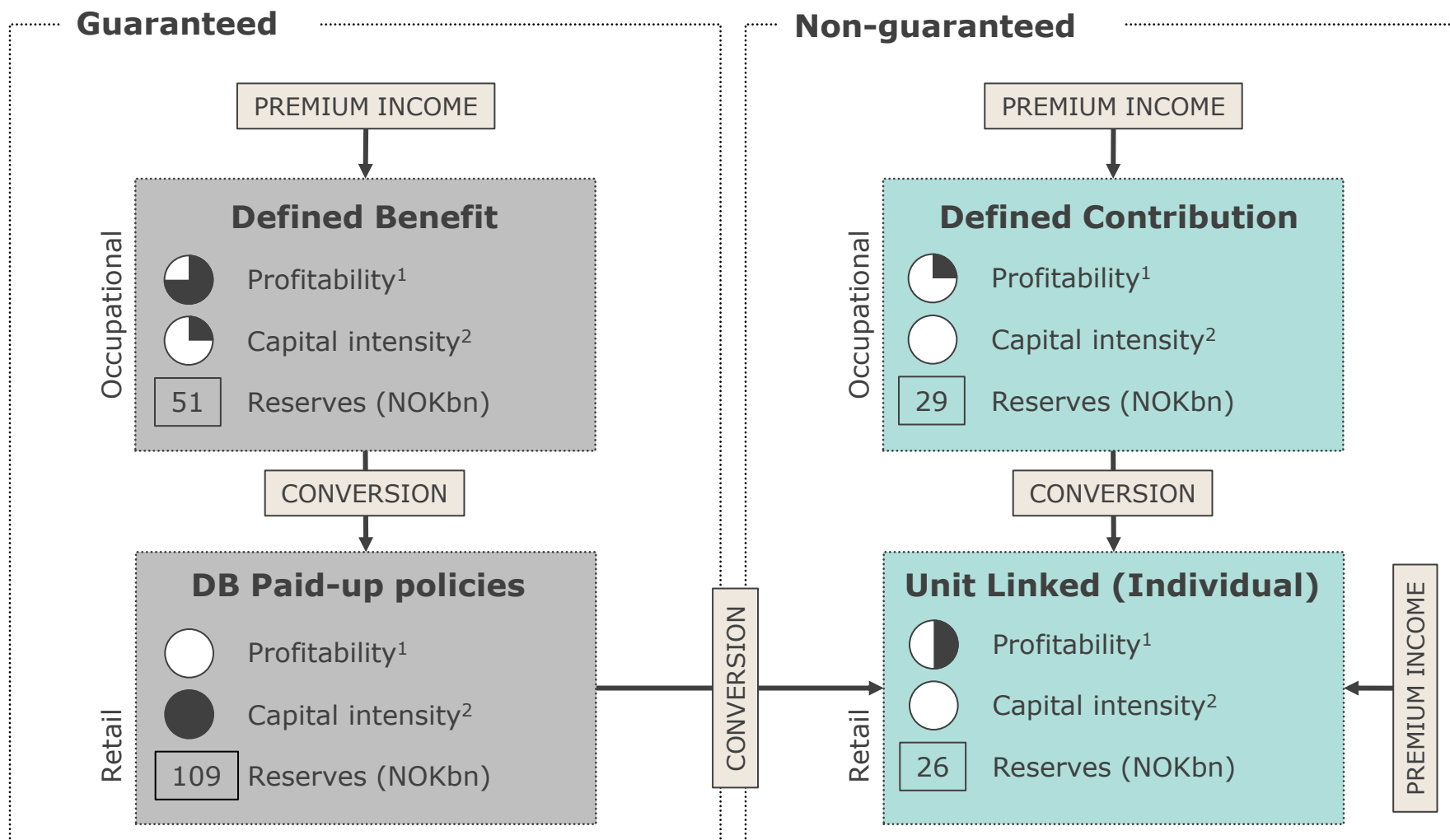
- Net debt in the holding company reduced by NOK 1.6bn since 2011

- Undrawn credit facility of EUR 240m in addition to NOK 2.3bn in liquid assets

- Reduced operational costs in the holding company from NOK 165m in 2011 to NOK 93m in 2015

- Holding company well prepared to recommence dividend payments

Life & Pensions Norway - Balance Sheet Dynamics



¹ Indication of income margin on reserves, from low (<0,5%; ○) to high (>1,50%; ●)

² Indication of economic Solvency II capital requirements, from low (~0%; ○) to high (12-20%; ●)

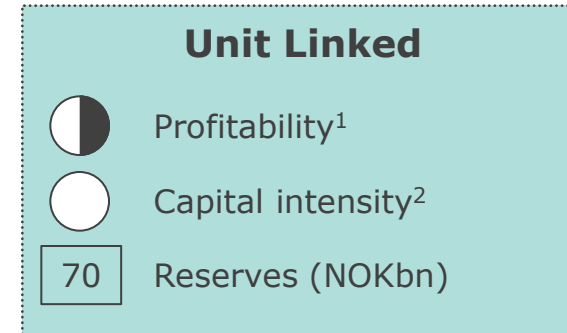
Life & Pensions Sweden - Balance Sheet Dynamics

Guaranteed



- Fee based adm.result
- Risk result
- Profit sharing mechanism

Non-guaranteed



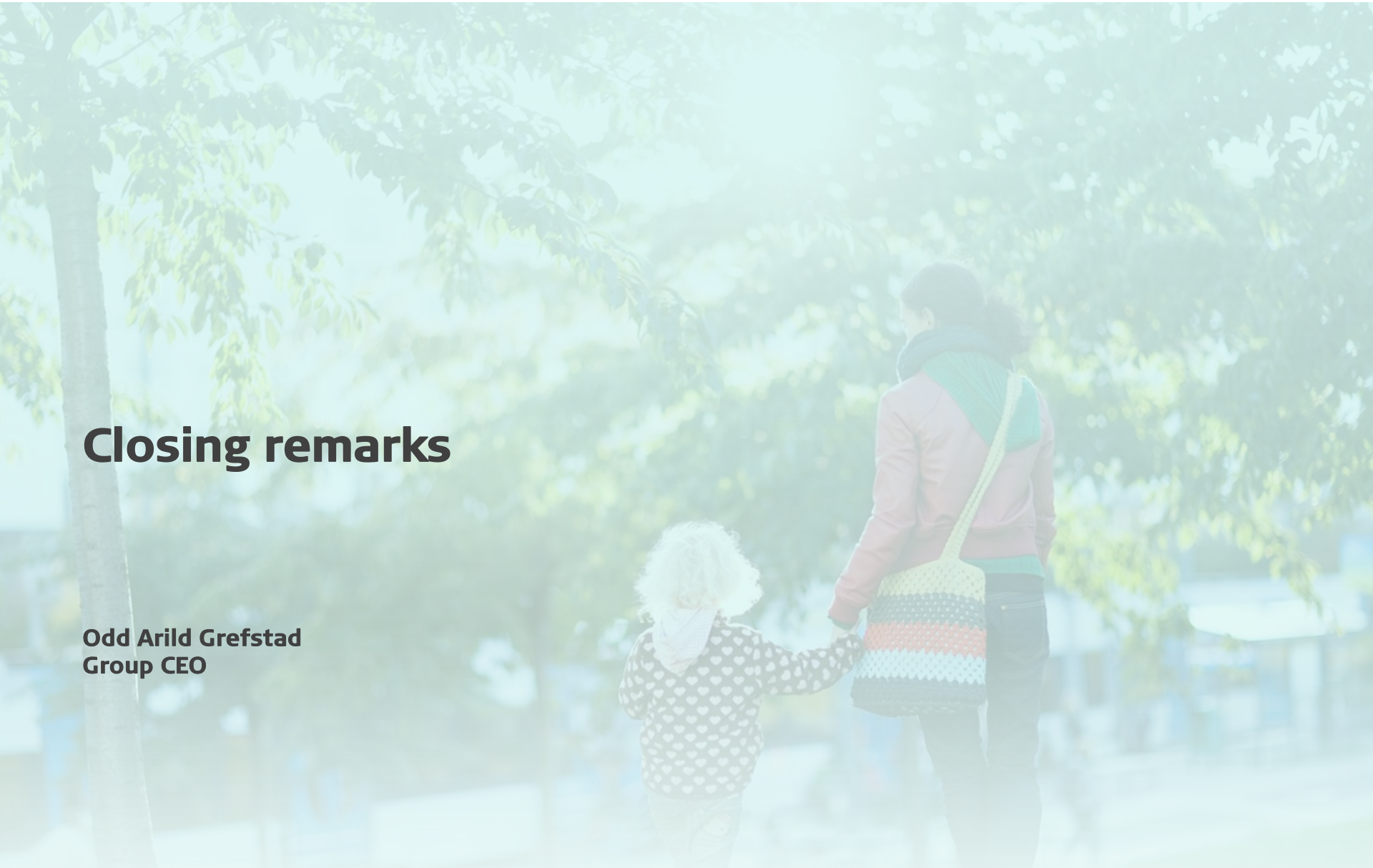
- Fee based adm.result
- Risk result
- High growth

¹ Indication of income margin on reserves, from low (<0,5%; ○) to high (>1,50%; ●)

² Indication of economic Solvency II capital requirements, from low (~0%; ○) to high (12-20%; ●)

Closing remarks

Odd Arild Grefstad
Group CEO



The Storebrand Investment Case

1 Entered S2 without raising capital – set to resume dividends

>150%
Solvency target¹

~5-10%
Normalised solvency generation²

2016
Planned dividend payout

2 From capital intensive to capital light

53%
Of AuM³ non guaranteed

2018
Estimated back book peak capital consumption

3 Growth in high quality earnings continues

#1
Occupational pensions⁴

12%
Growth in Savings and Insurance⁵ with high RoE

<0%
Cost development

¹ Including transitional rules.

² Solvency generation (%) on Solvency II ratio without transitional rules.

³ Total assets under management Storebrand Group.

⁴ Norway defined contribution private sector (gross premiums with and without investment choice), 4Q 2015. Source: Finance Norway.

⁵ Annual growth 2012-15 in Savings fee- and administration income + Insurance premiums f.o.a.



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